Management report of the company and the group and annual financial statements for the financial year 2017

Creating today the city of tomorrow

Deutsche Wohnen

Combined management report

Foundations of the Group

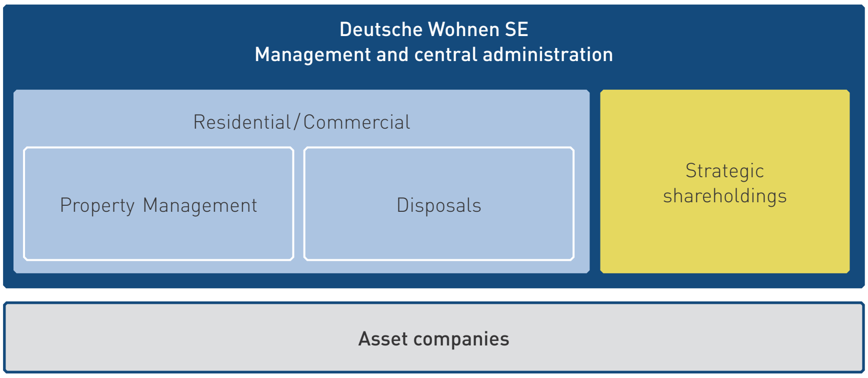
Business model of the Group

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

Its property portfolio comprises more than 163,000 residential and commercial units, with a total fair value of approximately EUR 19.6[1] billion. Our portfolio also includes nursing properties with approximately 6,700[2] beds and assisted living apartments. Our investments focus is primarily on residential property in German metropolitan areas and conurbations. The growth of the economy, positive migration figures and an insufficient level of new construction activity in these regions provide a sound basis for the continued strong performance of our portfolio. We view the expansion of our nursing care properties as a further growth area, particularly in light of current demographic trends.

Organisation and Group structure

In organisational terms, we draw a distinction between management and asset companies. Management companies are allocated to the corresponding business segments – with Deutsche Wohnen SE 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, whose activities include the management of rental contracts, the provision of customer support services, as well as the technical maintenance of our holdings, and the development of our portfolio, including new construction. The infrastructural facility management services mainly comprise – in addition to the on-site quality management activities carried out by in-house personnel – classic caretaking services such as checks ensuring compliance with our duty to implement safety precautions, monitoring the maintenance of orderliness and cleanliness within the district, administrative support services and inspections of vacant properties. The existing range of services is being constantly expanded to include additional services in customer support and quality assurance.

Disposals/Acquisitions

We continuously release capital, especially in the context of our privatisation activities in our strategic core and growth regions, thereby strengthening our internal financing capacity. Opportunistic block sales 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.

1 Excluding advance payments, properties under construction and undeveloped land
2 Of this number, 4,132 beds were acquired as at 1 January 2017

At the same time, we continuously consider potential acquisitions in our core regions.

Strategic shareholdings and property-related services

In addition to our core business activities, we also operate within strategic shareholdings and perform property-related services via our subsidiaries, thereby strengthening our relationships with our customers and maintaining the quality of our services.

Nursing and Assisted living

Under the brand name KATHARINENHOF® and on the basis of a participation model, we manage retirement and nursing homes for senior citizens. These facilities 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 CO2 emissions and energy costs. At the same time, G+D is responsible for energy procurement and distribution for our holdings. As at 31 December 2017, G+D supplied energy to approximately 58% of Deutsche Wohnen's holdings. From 1 January 2018 onwards G+D supplied energy to approximately 75% of Deutsche Wohnen's holdings. It is also a successful player in the market for the supply of third-party customers.

Technical facility management

Deutsche Wohnen coordinates its purchases of materials, products and services through B&O Deutsche Services GmbH – a joint venture with B&O Service und Messtechnik AG – as part of its technical facility management activities, an arrangement which enables both partners to benefit from economies of scale at national level. The company also provides operational services in the context of technical facility management. This alliance, which is established under corporate 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 and positive impact on our core operating business.

Multimedia

Deutsche Wohnen is investing in both the expansion of the cable network and the glass fibre optics infrastructure with a view to implementing forward-looking upgrades in its property holdings and at the same time adding to its value chain.

Group strategy

Deutsche Wohnen operates as an active portfolio manager specialising in residential property and with a clear focus on German metropolitan areas and conurbations; approximately 87% of our properties in terms of numbers are located in these Core+ regions. These markets are centres of high population density and are characterised by the dynamic development of economic parameters such as economic power, income, migration, innovative capacity and competitive strength. 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 growth regions, and the efficiency of our property platform with highly trained and qualified employees, we consider ourselves to be ideally placed in the market. Thereby we benefit from the dynamic growth in metropolitan areas within Germany and increase the value of our holdings.

Targeted investments in our property holdings are of major importance for the organic growth of the Group. The significant increase in the extent of our investments is aimed at significantly improving the quality of our portfolio as a means of realising existing value potential. We also have plans for extensive construction measures over the next few years to supply urgently needed housing in our core regions.

In addition to organic growth we focus on value-creating acquisitions insofar as they are in line with our portfolio strategy. Deutsche Wohnen has repeatedly demonstrated its competence in the past in the context of the acquisition and integration of portfolios, and thereby achieved its related goals in both quantitative and qualitative terms. As a result of the successful integration of our property holdings, we have generated economies of scale and strengthened Deutsche Wohnen's position as one of Germany's leading residential property companies. We also intend to achieve value-enhancing and focussed growth in the future by means of the selective acquisition of additional property portfolios in both the residential property and the nursing and assisted living segments. Furthermore, we will continue to expand our range of property-related services.

Competitive advantages

We intend to reinforce our strong market position by focussing on the implementation of a sustainable growth strategy.

Focus
of the portfolio on growth markets

Quality and efficiency
in work processes and in the management of our properties

Flexibility
in our organisational structure

Capital market viability / financing
strengthens our market position

Sustainability
through transparency and responsibility

Focus

We have been pursuing a well-defined investment strategy since 2008, with our portfolio focussing primarily on growth markets. Today, approximately 99% of our overall holdings are located in major cities and conurbations within Germany, with 71% in Greater Berlin alone, which places Deutsche Wohnen's portfolio at a considerable advantage over those of its competitors. Our focus on business areas and regions which are subject to promising developments in demographic terms fosters stability over the long term while providing excellent opportunities for future growth.

Quality and efficiency

The concentration of our holdings on selected locations means that we are able to achieve considerable economies of scale in the area of management and procurement. Moreover our costs in relation to vacancies and payment defaults are consistently low.

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

In order to maintain the consistently high quality and efficiency of our organisational structures and work processes, our core competences in terms of the management and development of our property portfolio, as well as the privatisation of residential units, are vested in by our own employees, who are highly professional, possess considerable know-how and are thus able to ensure that our main areas of business generate continuous cash flows.

Flexibility

While our properties are primarily held by property companies, the core processes relating to property management are provided by wholly owned subsidiaries. We use strategic shareholdings to gain access to further profitable business sectors related to real estate. Focussing on selected professional partners and pooling services places us in a position to use economies of scale. Furthermore we get the maximum degree of transparency as well as insight into the relevant markets, which in turn helps us to ensure the quality of our operations and the transfer of knowledge in the respective business area. This enables us to act opportunistically and flexibly, without diverting the focus away from our primary business.

Capital market capability/financing

Our successful growth trajectory in recent years has further strengthened our position in the capital market. 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 dividend policy adopts a restrained and sustainable approach and ensures that the company retains the necessary means for maintaining and increasing the value of our portfolio.

We further improved our financing and capital structures over the course of the financial year, thereby reinforcing our competitive advantage. Our capital structure has been awarded ratings of 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 preparing ourselves for the opportunities and risks that will result from global challenges in the future and acknowledge our responsibility towards the environment, society and our employees. We intend to assume a leadership role and to promote the transparency and comparability of 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, making considerable investments in our holdings and pro-actively implementing modernisation and maintenance measures, with considerations such as energy efficiency and the use of high-quality, and thus more durable, materials playing a significant role. After all, quality means for us, taking a far-sighted approach in our investments. More detailed information on our approach to the issue of sustainability, as well as the concepts and measures implemented by us in this regard, can be found in the Non-Financial Statement.

Group management

The management of the company extends across several levels:

At the **Group level**, all income and payment flows are aggregated and evaluated on the basis of the primary management parameters FFO I (Funds from Operations before disposals), EPRA NAV (Net Asset Value) and LTV (Loan to Value) on a quarterly basis. Segment management is undertaken using the primary management parameter segment earnings. All of the primary management parameters 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 a review of Deutsche Wohnen's competitive environment.

Furthermore, operational segment management is undertaken using additional segment-specific management parameters:

In the **Residential Property Management segment**, changes in the rent per square metre and the vacancy rate, differentiated in accordance with defined portfolios and/or regions, are the parameters for management purposes, which also include 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 for enhancing the potential for rent increases, while controlling changes in expenses and thus constantly improving operating results.

The Disposals segment is managed by monitoring the average sales prices per square metre and the margin, which is the difference between the IFRS carrying amount and the average sales 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 of KATHARINENHOF®, internal growth is primarily generated by increasing nursing charges and occupancy rates in full in-patient nursing facilities. The management of this segment also takes the EBITDA before rental income into account in assessing operating profitability in the context of nursing property management. These parameters are likewise analysed by management on a monthly basis.

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

Considerable weight is attached to finance expense in this context, because of this item's significant impact on profit/loss for the period and cash flow performance. The active and ongoing management of our loan portfolio enables us to optimise our capital structure and 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 operational 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 FFO I, which is essentially adjusted upwards or downwards to reflect one-off items, finance expense or income having an effect on liquidity, and tax expense or income.

With the help of regular reports, the Management Board and specialist departments can evaluate the economic development of the Group in a timely manner, and compare the values with those of the previous month and year, and with those that are planned. In addition, the expected development of the Group is determined on the basis of an updated budget. In this way, opportunities as well as negative trends can be identified, and corresponding measures taken to exploit or counteract these opportunities or trends at an early stage.

Property portfolio

Overview of portfolio and portfolio strategy: residential properties

Deutsche Wohnen manages one of the largest property portfolios in Germany, comprising approximately 161,000 residential and just under 2,500 commercial units (approximately 3.5% of its overall floor space) and generating annualised rental income in the amount of EUR 767 million. Our activities are focussed on high-growth metropolitan areas and conurbations – so-called Core+ regions –, in which 87.4% of our residential property portfolio is currently located, with a further 11.8% of our residential units being located in Core markets. At the end of 2017, the average in-place rent for the properties in Deutsche Wohnen's portfolio amounted to EUR 6.40 per sqm, with a consistently low vacancy rate of 2.0%. Our portfolio was further strengthened in 2017 by transactions in the amount of approximately EUR 1 billion.

In line with our focussed portfolio strategy, our properties are largely concentrated within prosperous metropolitan areas and conurbations with upwards of 500,000 inhabitants. Our core market is Greater Berlin, where approximately 114,000 residential units and approximately 1,800 commercial units are located. This corresponds to about 71% of our total portfolio.

The starting point for our portfolio management activities is the segmentation of our properties: Our properties are clustered 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. Among other factors, changes in the population and number of households, local job markets, purchasing power and infrastructure data are analysed.

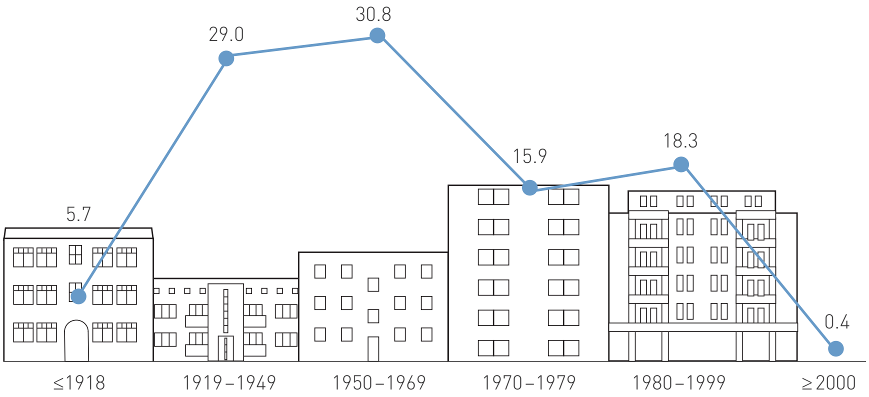
Property portfolio
31/12/2017

					Residential		Commercial
	Residential units number	Area in sqm k	Share of entire portfolio in %	In-place rent[1] EUR/sqm	Vacancy rate in %	Commercial units number	Area in sqm k
Strategic core and growth regions	**159,331**	**9,581**	**99.2**	**6.41**	**2.0**	**2,446**	**341**
Core+	**140,445**	**8,415**	**87.4**	**6.52**	**2.0**	**2,252**	**311**
Greater Berlin	114,289	6,794	71.1	6.46	2.0	1,799	215
Rhine-Main	9,845	593	6.1	7.63	2.0	130	28
Dresden/Leipzig	5,368	353	3.3	5.70	3.0	229	41
Rhineland	5,006	312	3.1	6.24	0.8	27	13
Mannheim/Ludwigshafen	4,957	306	3.1	5.98	1.9	44	12
Other Core+	980	57	0.6	10.40	0.2	23	2
Core	**18,886**	**1,165**	**11.8**	**5.68**	**2.0**	**194**	**31**
Hanover/Brunswick	9,127	589	5.7	5.79	1.8	89	14
Kiel/Lübeck	4,946	293	3.1	5.62	2.0	13	2
Other Core	4,813	283	3.0	5.52	2.2	92	14
Non-Core	**1,337**	**88**	**0.8**	**4.88**	**5.0**	**20**	**4**
Total	**160,668**	**9,668**	**100.0**	**6.40**	**2.0**	**2,466**	**345**

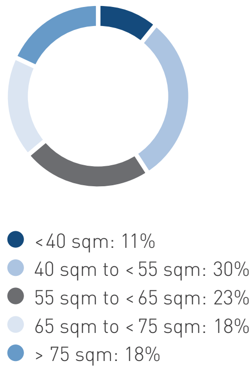
1 Contractually owed rent for rented residential units divided by rental area

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

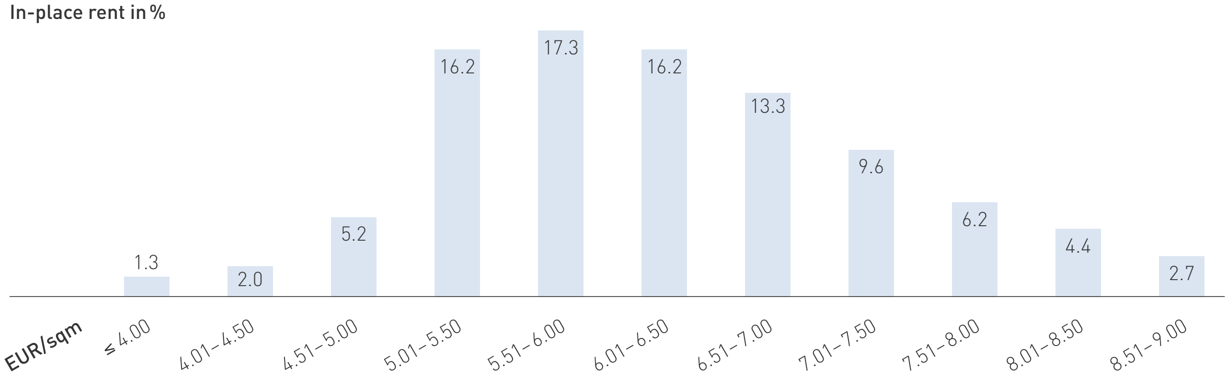
Year of construction in %



Apartment size in %



In-place rent in %



In addition, we place our locations in one of three categories, on the basis of a micro-analysis: hotspot, growth and stable. This analysis particularly considers information relating to changes in rents and prices, sociodemographic aspects and infrastructure. Hotspot locations are experiencing dynamic growth and providing the greatest potential for growth. Growth locations are continually growing, but at a less dynamic pace. Stable locations exhibit merely moderate growth.

Property holdings according to micro-cluster and location 31/12/2017

Cluster	Micro location	Location/ Residential units number	Share of fair value in %	Fair value EUR/sqm	Multiple in-place rent	Vacancy rate in %	In-place rent EUR/sqm
Core+		**140,445**	**92.4**	**2,000**	**25.6**	**2.0**	**6.52**
	Hotspot	38,558	30.8	2,414	29.3	3.1	6.95
	Growth	65,872	40.4	1,926	24.2	1.5	6.62
	Stable	36,015	21.1	1,698	23.9	1.4	5.92
Core		**18,886**	**7.3**	**1,149**	**16.9**	**2.0**	**5.68**
	Hotspot	416	0.3	1,401	17.5	4.2	7.03
	Growth	9,427	3.4	1,194	17.4	2.1	5.78
	Stable	9,043	3.6	1,092	16.4	1.7	5.55
Non-Core		**1,337**	**0.3**	**705**	**13.1**	**5.0**	**4.88**
Total		**160,668**	**100.0**	**1,886**	**24.6**	**2.0**	**6.40**

We develop targeted investment strategies based on the portfolio analysis. We score the major performance indicators, technical condition and location of the individual properties and classify each of the properties according to one of the following fields of activity: "Operate", "Develop" and "Dispose".

Our activities with regard to "Operate" properties focus on new lettings and the realisation of rental potential in accordance with market rents. The "Operate" properties constitute the bulk (80%) of our portfolio. Properties whose fixtures, fittings and condition are of below-average standard but that are located in particularly promising locations are assigned to the "Develop" cluster (share of total portfolio: 17%). In these properties, we will be investing to a greater extent in comprehensive modernisation measures in the next few years in order to raise their current value potential.

The properties classified as "Dispose" 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 exploit market opportunities.

31/12/2017

Cluster	Microcluster	Residential units number	Share of floor space in %	Vacancy rate in %	In-place rent EUR/sqm
Core+		**140,445**	**87.0**	**2.0**	**6.52**
	Operate	109,340	68.9	1.5	6.54
	Develop	28,438	16.2	3.1	6.44
	Dispose	2,667	1.9	7.8	6.16
Core		**18,886**	**12.1**	**2.0**	**5.68**
	Operate	17,449	11.0	1.9	5.68
	Develop	922	0.7	1.9	5.66
	Dispose	515	0.3	4.1	5.86
Non-Core		**1,337**	**0.9**	**5.0**	**4.88**
	Dispose	1,337	0.9	5.0	4.88
Total		**160,668**	**100.0**	**2.0**	**6.40**

Portfolio development

Acquisitions
In 2017, we acquired approximately 6,200 residential and commercial units, exclusively located in Core+ markets, for a total purchase price of approximately EUR 1 billion. These properties are primarily premium-quality "Altbau" buildings located in attractive districts in Berlin, Dresden and Leipzig.

Disposals
In the disposals context, we were able to exploit the ongoing high demand for properties, with sales of approximately 2,849 residential units (707 as part of our privatisation activities, and 2,142 by way of disposals to institutional investors) with a transfer of risks and rewards in the past financial year. The sales margin remained at the previous year's level of approximately 23% in spite of appreciations in value. Our portfolio streamlining activities involved the disposal of portfolios – particularly in Oberhausen, Bielefeld, Ahrensburg, Celle and Duisburg comprising a total of approximately 1,500 units.

Further details of our segment earnings from disposals can be found on pages 18 and 19 of the Consolidated Management Report.

Operational development

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

Like-for-like

		31/12/2017	31/12/2016		31/12/2017	31/12/2016
	Residential units	In-place rent[1]	In-place rent[1]	Development	Vacancy rate	Vacancy rate
	number	EUR/sqm	EUR/sqm	in %	in %	in %
Total	**154,613**	**6.37**	**6.10**	**4.4**	**1.8**	**1.6**
Letting portfolio[2]	**149,941**	**6.39**	**6.12**	**4.5**	**1.6**	**1.5**
Core⁺	**131,258**	**6.49**	**6.20**	**4.8**	**1.6**	**1.5**
Greater Berlin	108,121	6.43	6.11	5.3	1.7	1.5
Rhine-Main	8,852	7.72	7.46	3.5	1.4	1.8
Rhineland	4,913	6.22	6.13	1.4	0.7	0.8
Mannheim/Ludwigshafen	4,419	5.97	5.71	4.5	0.8	0.8
Dresden/Leipzig	3,973	5.44	5.36	1.5	1.7	1.9
Other Core⁺	980	10.40	10.33	0.7	0.2	0.1
Core	**18,683**	**5.68**	**5.58**	**1.9**	**1.9**	**1.7**
Hanover/Brunswick	9,090	5.79	5.66	2.2	1.8	1,6
Kiel/Lübeck	4,945	5.62	5.54	1.5	2.0	1,6
Other Core	4,648	5.53	5.44	1.6	2.0	1.9

1 Contractually owed rent for rented residential units divided by rental area
2 Excluding Non-Core

In the year under review, annualised rent increases in the amount of EUR 30.8 million were realised across the total portfolio (previous year: EUR 18.9 million). The increase in rents of the like-for-like portfolio amounted to 4.4% and as much as 5.3% in the Greater Berlin region, with this development also being impacted by adjustments made on the basis of the rent index for Berlin, which was published in May. We expect an increase in rents of approximately 3% over the course of 2018.

The vacancy rate for our like-for-like letting portfolio remained very low at 1.6% (previous year: 1.5%). This slight increase results from modernisation work carried out in the context of our Capex projects.

Portfolio investments

We invested approximately EUR 332 million, or approximately EUR 33 per sqm (previous year: approximately EUR 25 per sqm), in maintenance and modernisation in the financial year 2017, with EUR 105 million, or approximately one third of this amount, being attributable to maintenance expenses and approximately two thirds to modernisation measures. Due to the complexity of multiannual major projects, our modernisation expenses are subject to annual fluctuation.

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	2017	2016
Maintenance	**104.7**	**94.5**
in EUR per sqm	10.52[1]	9.63[1]
Modernisation	**227.4**	**150.0**
in EUR per sqm	22.85[1]	15.29[1]
Maintenance and modernisation	**332.1**	**244.5**
in EUR per sqm	33.37[1]	24.92[1]

1 Taking account of the average floor space on a quarterly basis in the relevant period

We invest considerable amounts in our properties with a view to further increasing the energy efficiency and the overall quality of our portfolio and in the interests of realising existing value potential. Thus we will refurbish and modernise approximately 30,000 units by 2022 as part of our EUR 1.2 billion modernisation programme.

Our properties are predominantly located in Core+ markets (>90%) in attractive hotspot and growth locations (>90%) with above-average development potential.

Portfolio valuation

Demand from domestic and foreign real estate investors for larger residential portfolios remained high in 2017, in the face of a very limited supply of such properties. This deficit in supply and the ongoing positive developments of rent prices and vacancy rates on the German residential property market are reflected in an appreciation of our property portfolio in accordance with IAS 40 in the total amount of approximately EUR 2.4 billion as at the reporting date. The main part of this appreciation is due to adjustments of the discount and capitalisation rates to account for the positive developments in prices/market performance. The valuation result was confirmed by way of an external report from CB Richard Ellis GmbH.

The following overview indicates significant key valuation figures concerning our property holdings as at 31 December 2017:

31/12/2017

	Fair value EUR m	Fair value EUR sqm	Multiple in-place rent	Multiple market rent
Strategic core and growth regions	**18,799**	**1,897**	**24.7**	**19.0**
Core+	**17,425**	**2,000**	**25.6**	**19.5**
Greater Berlin	14,628	2,090	27.1	20.2
Rhine-Main	1,192	1,924	21.0	16.6
Dresden/Leipzig	638	1,618	23.0	19.3
Rhineland	417	1,285	16.8	14.6
Mannheim/Ludwigshafen	366	1,151	16.0	13.6
Other Core+	184	3,149	24.9	20.7
Core	**1,375**	**1,149**	**16.9**	**14.3**
Hanover/Brunswick	702	1,164	16.8	13.9
Kiel/Lübeck	359	1,218	18.0	15.2
Other Core	313	1,053	16.0	14.4
Non-Core	**65**	**705**	**13.1**	**10.3**
Total	**18,864**	**1,886**	**24.6**	**19.0**

The most significant appreciation amounts to just under EUR 2.2 billion and is related to the Core+ segment, first and foremost the Greater Berlin region (approximately EUR 2.0 billion). However, the positive performance of our Core locations also enabled us to record an appreciation in the amount of approximately EUR 0.2 billion.

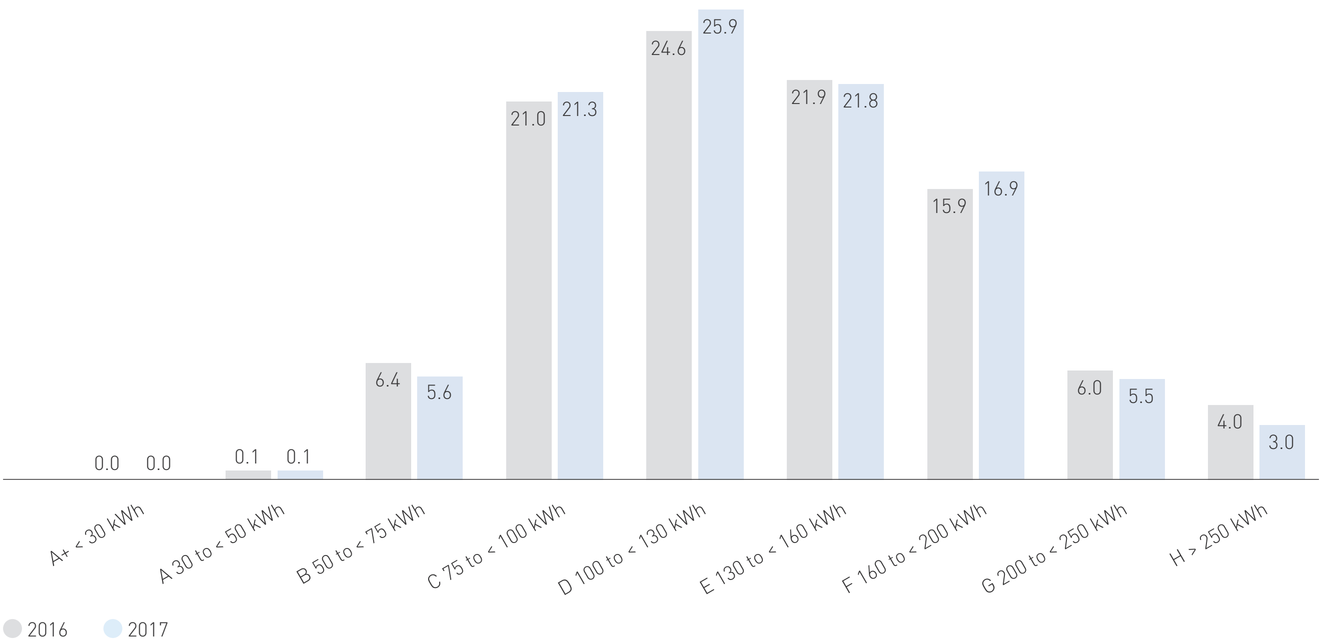
Fair value

	31/12/2017		31/12/2016	
	Fair value EUR m	Multiple in-place rent	Fair value EUR m	Multiple in-place rent
Strategic core and growth regions	**18,799**	**24.7**	**15,280**	**21.7**
Core⁺	17,425	25.6	14,054	22.7
Core	1,375	16.9	1,226	14.9
Non-Core	65	13.1	186	11.8
Total	**18,864**	**24.6**	**15,465**	**21.5**

Energy efficiency of properties

Most of Europe's consumption of energy relates to existing buildings. Through our comprehensive modernisation measures we are gradually increasing the energy efficiency of our properties. The current consumption level of approximately 74.5% of our residential units is lower than the average for residential buildings in Germany (160 kWh/sqm per year[3]). Approximately 27% of our residential units are at a reasonable level, below 100 kWh/sqm per year (A+ to C). The average consumption of our holdings amounts to 133.4 kWh/sqm per year, having once again fallen as compared to the previous year (2016: 135.1 kWh/sqm).

Energy intensity per units
Summary of energy efficiency classes[1] after final energy requirements in kWh/sqm
in %



1 Discrepancies in the final energy requirements of approximately 20 kWh may arise due to the non-specification of the type of heating in question. The allocation according to current category of energy efficiency of properties is therefore based solely on the classification in accordance with the German Energy Saving Ordinance (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.

3 The Energy Performance Certificate: Specifications for Residential Buildings (Der Energieausweis: Steckbrief für Wohngebäude): https://www.verbraucherzentrale.de/Der-Energieausweis-Steckbrief-fuer-Wohngebaeude-4

Nursing home facilities

In addition to its residential and commercial units, Deutsche Wohnen owns 51 nursing home facilities with approximately 6,700 beds. We run our nursing sector on the basis of two different models. Some of our nursing care facilities are managed by KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, in which we have a 49% shareholding; the remaining facilities are managed by a number of external operators.

The externaly managed part of our nursing segment is, in contrast to the part which belongs to the participation model, characterized by the stipulated amount of rental income and the weighted average lease term (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 KATHARINENHOF®.

Given 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 until it accounts for as much as 15% of the Group's EBITDA.

Nursing care business: Properties and operations

**Nursing home facilities
Operated by KATHARINENHOF®
2017**

		Number of places				
Federal state	Facilities	Nursing care	Assisted living	Total	Occupancy 31/12/2017	Fair value 31/12/2017
	Number	Number	Number	Number	in %	EUR m
Berlin region	12	1,070	371	1,441	98.1	
Hamburg	3	335	157	492	94.5	
Saxony	7	436	56	492	99.7	
Lower Saxony	1	131	–	131	98.3	
Total KATHARINENHOF®-facilities	**23**	**1,972**	**584**	**2,556**	**97.7**	**262.4[1]**

1 Relates to 22 facilities

**Nursing home facilities
Managed by other external operators
2017**

		Number of places				
Federal state	Facilities	Nursing care	Assisted living	Total	WALT	Fair value 31/12/2017
	Number	Number	Number	Number	in %	EUR m
Bavaria	7	999	–	999	11.5	
North Rhine-Westphalia	5	721	187	908	12.8	
Lower Saxony	4	661	–	661	10.2	
Rhineland-Palatinate	4	409	208	617	12.4	
Baden-Württemberg	5	557	16	573	13.0	
Other	3	374	–	374	9.1	
Total other external operators	**28**	**3,721**	**411**	**4,132**	**11.7**	**450.2**
Total: Nursing	**51**	**5,693**	**995**	**6,688**		**712.5**

Economic report

German economy is booming for the fourth year in a row

Growth in Germany's GDP of 2.2%: The rate of growth of the German economy continued to gather pace in 2017, with the primary drivers of this growth being private consumption as well as an increase in business investment. Surveys showed that industry in general and the construction industry in particular were both experiencing a higher level of demand than what has been the average for many years.[1]

Unemployment rate continues to fall: The significant rise in employment figures once again boosted consumption in the year under review.[2] The number of people in work increased by approximately 638,000, or 1.5%, to 44.3 million. This was in line with the dynamic and consistent rise in employment figures which has been evident over the past twelve years.[3]

Gross amount of salaries and wages increased by 4.4%: This significant rise is due, on the one hand, to the 1.7% increase in the number of employees as compared to the previous year and, on the other hand, to the rise in gross salaries and wages in the amount of 2.7% per employee, with the average wage per employee increasing by 2.4%.[4]

Population in Germany rises to 82.8 million inhabitants: Initial estimates by the Federal Statistical Office indicate that the trend towards rising German population numbers also continued into 2017 (previous year: 82.5 million inhabitants), with the expected immigration surplus once again more than counterbalancing the expected fall in the birth rate.[5]

Construction industry bolstered by new housing projects: In the year under review, actual investments in the construction of residential units increased by approximately 3.4% as compared to the previous year. The considerable backlog of commissioned construction projects, well-filled order books and low interest rates contributed to the continuation of this upward trajectory.[6]

Berlin's economy still booming: In real terms, the gross domestic product of the nation's capital increased by approximately 2.5% in 2017[7], such that Berlin's rate of economic growth remains higher than the national average. Its unemployment rate also fell further in the year under review.[8]

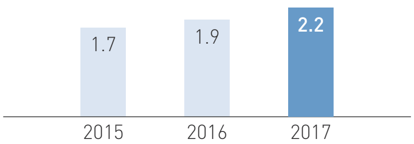
German housing market still experiencing an upward trend

Residential property market still very buoyant in Germany: The German residential property market had a very successful year in 2017 as well, with the transaction volume for residential properties and portfolios increasing by 15% to approximately EUR 15.7 billion and therefore exceeding the average level for the previous ten years by 40%.[9]

Berlin remains the most important focus of investment: Of all of the German metropolitan cities, Berlin once again remained the main focus of all investment activity, accounting for 14.6% of all transactions concluded in all of the federal states in the first half of 2017.

General economic conditions

Changes in economic growth (GDP) on a 3-year comparison[1]
in %



	2017	2016
Unemployment rate in %	5.7	6.1
Gainfully employed persons in EUR m	44.3	43.6
Rate of inflation in %	1.7	0.5

Source: German Institute for Economic Research [Deutsches Institut für Wirtschaftsforschung – DIW]: Winter Baselines 2017, Weekly Report 50 2017

1 DIW, Winter Baselines 2017, Weekly Report 50 2017
2 DIW, Winter Baselines 2017, Weekly Report 50 2017
3 Federal Statistical Office, press release 001/18 from 02/01/2018
4 Federal Statistical Office, press conference on the subject of "Gross Domestic Product of Germany in 2017" held on 11/01/2018, statement by Albert Braakmann
5 Federal Statistical Office, press release 019/18 from 16/01/2018
6 DIW, Winter Baselines 2017, Weekly Report 50 2017
7 Investitionsbank Berlin, Berlin's Economy, July 2017
8 Senate Department for Economics, Energy and Public Enterprises, Market Report on the Economic Situation in Berlin, 3rd Quarter 2017
9 JLL, Investment Market Overview for Germany, 4th Quarter 2017
10 NAI apollo group, Facts and Figures Transaction Market Residential Property Portfolio, Q1 2017

Housing shortage persists: The Federal Institute for Research on Building, Urban Affairs and Spatial Development [Bundesinstitut für Bau-, Stadt- und Raumforschung – BBSR] estimates that the number of households will increase by a further 500,000 or so by 2030, thereby resulting in greater demand for residential property in the German market. Given that the number of persons per household is expected to fall further, the number of households in Germany is increasing at a faster rate than the population. 70% of the country's 37.4 million households are single or two-person households, with this figure rising to as high as 80% in major cities.[11]

Rate of construction of new housing unable to keep pace with demand: The dynamic rise in population numbers over the past few years has resulted in ever-increasing demand for housing, which remains unmet despite the marked improvement in the rate of completion of construction projects.[12] In 2017, the number of completed residential units exceeded 300,000 for the first time. However, this was once again insufficient to meet the annual requirement of at least 350,000 units. So, this deficit in supply persists.[13]

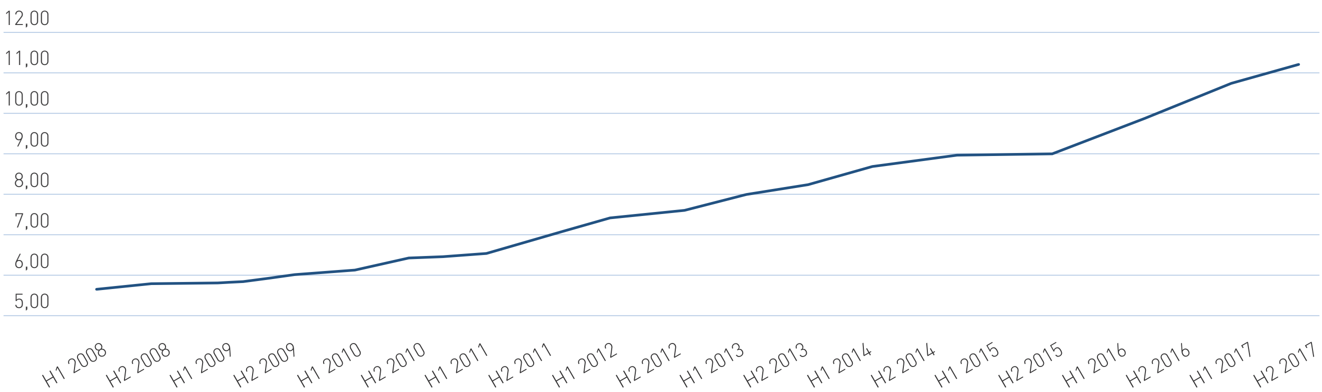
Ongoing momentum in metropolitan areas

Sustained rise in rents: The sustained growth in population numbers in German conurbations has resulted in a shortage of housing and thus in a tight residential property market, a situation which is also reflected in the rise in rents. Rents for first-time occupancy of properties in Dusseldorf, Frankfurt, Hamburg and Munich have increased by approximately 50% over the past ten years, with this development being even more pronounced in Berlin.[14]

In the first six months of 2017, the average rise in rents in the eleven[15] largest German cities amounted to 4.7%.[16]

Rents in Berlin continuing along their upward trajectory: In the second half of 2017, quoted rents in Berlin rose to EUR 11.10 per sqm, which represents an increase of 9.1% when viewed over the course of the entire year, or 2.8% in comparison with the first six months of the year, which is higher than the average rate of growth recorded since 2004.[17]

Development of median rents
in EUR/sqm/month



Source: JLL, Residential City Profile Berlin, 2nd half year 2017

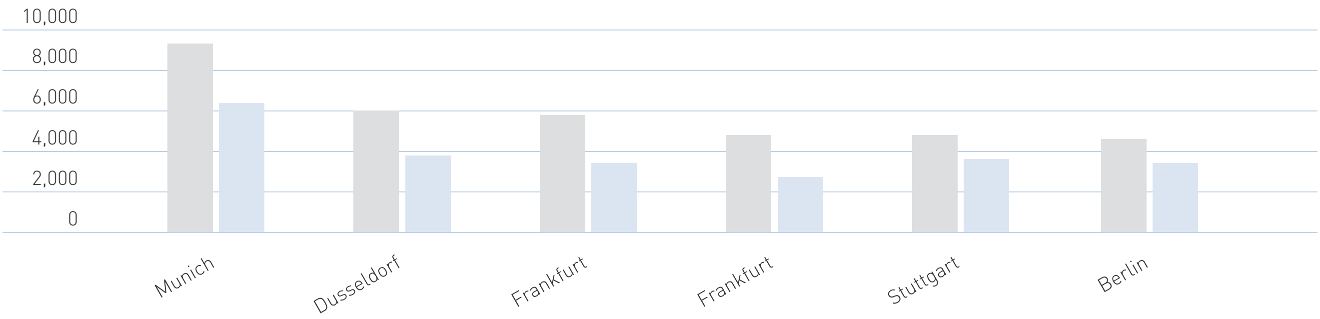
11 BBSR, Residential Property Market Forecasts 2030
12 DG HYP, Real Estate Market Report 2017/18
13 Deutsche Bank Research, German Housing Market 2018, 15/01/2018
14 DG HYP, Real Estate Market Report Germany 2017/2018
15 Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Munich, Stuttgart, Dresden, Essen, Leipzig, Dortmund
16 NAI apollo group, German Housing Market Report 2017
17 JLL, Residential City Profile Berlin, 2nd half year 2017, February 2018

Berlin housing market continues to experience dynamic growth: The trend towards higher rents is expected to continue, with the continuing rise in demand for housing in Berlin being bolstered by positive job market data, sustained economic growth and ever-increasing population numbers. The ongoing shortfall in construction activity with regard to new builds will also ensure that the situation remains tense.[18]

Purchase prices are also still on the rise: 2017 was the ninth year in the current property cycle, which commenced at the beginning of 2009. The situation remains particularly tense in metropolitan areas, where purchase prices for houses and residential units increased by approximately 80% between 2009 and 2017, while also rising significantly by 60% and 50% in so-called B/C and D level cities respectively over the same period. Prices are now rising at an even greater rate in the wake of the tense situation in the market in 2017. Purchase prices for houses increased by approximately 6.5% on average, while those for flats rose by more than 10%. As in previous years, this development was most pronounced in metropolitan areas and major cities.

An increase of 30% in the purchase prices for existing properties has been recorded in German metropolitan areas within Germany, with this number rising to approximately 36% in Berlin.[19]

Prices of flats within and outside of the city centre
EUR per sqm



City centre   outside of the city centre

Source: Deutsche Bank Research, German Housing Market 2018

Analysis of financial performance and financial position

Deutsche Wohnen succeeded in maintaining its long-standing and successful growth trajectory in the financial year 2017 and achieved its stated targets once more.

Our Residential Property Management segment realised earnings in the amount of approximately EUR 613 million, which represents an increase of approximately EUR 26 million or 4.5% as compared to the previous year. We therefore matched our forecast of EUR 610 million, whilst the recorded 4.4% rise in rents emphatically exceeded our forecast of 3.5%. However, this positive effect was counterbalanced by a higher disposals volume and a rise in maintenance expenses, which at EUR 10.52 per sqm fell slightly above the projected range. At 2.0%, the vacancy rate as at the end of the year was 0.2% higher than in the previous year, with this rise being attributable to measures implemented as part of our investment programme since the beginning of 2017.

In spite of the appreciation in value of our properties as a result of higher market prices, the average gross margin realised by our Disposals segment was, at 23%, comparable to that achieved in 2016 (22%). The transaction volume decreased by 13% from around EUR 354 million to EUR 309 million as a result of the lower number of units sold overall. However, this effect was almost entirely counterbalanced by significantly higher selling prices. Our sales proceeds fell, in absolute terms, by EUR 4 million to around EUR 50 million.

18 Deutsche Bank Research, German Housing Market 2018, 15/01/2018
19 Deutsche Bank Research, German Housing Market 2018, 15/01/2018

The contribution of the Nursing and Assisted Living segment towards our overall earnings increased by approximately EUR 31 million or 186% as compared to the previous year. We thus exceeded our forecast of approximately EUR 45 million by 6%, with the increase as compared to the previous year being largely due to our acquisitions. We were able to achieve higher average occupancy rates, better adjustments to nursing care charges and a swifter integration of the nursing facilities acquired at the end of 2016 than anticipated.

Our financing continues to be very solid. Our LTV, at approximately 35%, which is at the lower end of our target range of between 35% and 40%, remained stable as compared to the previous year. The current interest expenses decreased by approximately EUR 6 million or approximately 6% as compared to the previous year as a result of the refinancing undertaken in 2016 and 2017 and in spite of the increase in financial liabilities. We are thus precisely in line with our forecast of EUR 100 million.

FFO I increased, on a year-on-year comparison, by EUR 48 million or 13% to EUR 432 million – with FFO I per share rising from EUR 1.14 in 2016 to EUR 1.23 in 2017 –, thus slightly exceeding our forecast of EUR 425 million at the beginning of the year by 2%.

EPRA NAV (undiluted) amounted to approximately EUR 36 per share as at the end of the year, having risen by 20%, with the major driver of this development being the increase in the value of the property portfolio 2017 in the amount of approximately EUR 2.4 billion. The ongoing discrepancy between supply and demand in conurbations within Germany once more resulted in a rise in prices.

Overall, the operational results for the financial year 2017 were as expected, and the developments with regard to rents, vacancy rates and average sales prices confirmed our strategic focus on urban conurbations.

Notes on the financial performance and financial 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 2017 compared to 2016:

in EUR m	2017	2016
Earnings from Residential Property Management	612.8	586.4
Earnings from Disposals	50.3	54.3
Earnings from Nursing and Assisted Living	48.0	16.8
Corporate expenses	–81.3	–73.7
Other expenses/revenues	–29.0	–8.7
Operating result (EBITDA)	**600.8**	**575.1**
Depreciation and amortisation	–7.4	–543.7
Fair value adjustment of investment properties	2,397.0	2,667.6
Earnings from companies valued in accordance with the equity method	3.0	2.0
Financial result	–395.2	–211.8
Earnings before taxes	**2,598.2**	**2,489.2**
Current taxes	–32.6	–36.5
Deferred taxes	–802.3	–829.5
Profit/loss for the period	**1,763.3**	**1,623.2**

Overall, Deutsche Wohnen ended the financial year 2017 with a profit for the period in the amount of approximately EUR 1.8 billion (+ EUR 0.1 billion or 9.0% as compared to 2016).

We were able to raise our adjusted earnings before taxes by EUR 48.0 million or approximately 11%, as compared to the previous year, to EUR 501.7 million.

in EUR m	2017	2016
Earnings before taxes	**2,598.2**	**2,489.2**
Profit/loss from the valuation of properties	–2,396.7	–2,665.1
Depreciation and amortisation of goodwill	0.0	537.3
Gains/losses from fair value adjustments of derivative financial instruments and from convertible bonds	226.0	83.4
Non-recurrent expenses and revenues	74.2	8.9
Adjusted earnings before taxes	**501.7**	**453.7**

The depreciation and amortisation of goodwill in the previous year primarily comprised – in the amount of EUR 0.5 million – the goodwill arising from the takeover of GSW Immobilien AG in 2013.

The result of the adjustment of the fair value of derivative financial instruments and convertible bonds primarily comprised the valuation of the convertible bonds. The strong performance of the share price resulted in non-cash expenses in the amount of EUR 229.0 million in the financial year (previous year: EUR 79.6 million).

The non-recurring expenses and revenues comprised restructuring costs (EUR 0.9 million; previous year: EUR 1.3 million), transaction and non-recurring financing costs (EUR 75.5 million; previous year: EUR 11.5 million) and non-recurring income (EUR 2.2 million; previous year: EUR 3.9 million).

The transaction-related and non-recurring financing costs for the financial year largely comprised property transfer tax in the amount of EUR 23.4 million and financing costs in the amount of approximately EUR 51.7 million (previous year: EUR 6.9 million).

Earnings from Residential Property Management

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

	31/12/2017	31/12/2016
Residential and commercial units	163,134	160,160
Residential and commercial space in sqm k	10,013	9,790
Fair value per sqm residential and commercial areas in EUR	1,886	1,580
Current gross rental income for living space per sqm in EUR	6.40	6.10
Like-for-like rental growth in core and growth regions (letting portfolio) in %	4.5	2.9
Residential vacancy rate in %	2.0	1.8
Maintenance costs per sqm/year in EUR[1]	10.52	9.63
Capital expenditure per sqm/year in EUR[1]	22.85	15.29

1 Taking account of the average floor spaces on a quarterly basis in the relevant period.

An overview of the portfolio as at 31 December 2017 can be found on the section entitled "Property portfolio".

in EUR m	2017	2016
Current gross rental income	**744,2**	**704.5**
Non-recoverable operating costs	–9.3	–9.8
Rental loss	–6.4	–6.4
Maintenance	–104.7	–94.5
Other	–11.0	–7.4
Earnings from Residential Property Management	**612.8**	**586.4**
Staff costs, general and administration expenses	–45.3	–40.7
Operating results (Net Operating Income – NOI)	**567.5**	**545.7**
NOI margin in %	76.3	77.5
NOI in EUR per sqm and month[1]	4.75	4.63
Change in %	2.6	

1 Taking account of the average areas on a quarterly basis in the relevant reporting period.

With regard to the changes in in-place rent and investment expenses, we refer to our portfolio disclosure.

The losses arising from non-recoverable operating costs and rental loss amounted to 2.1% of gross rental income (previous year: 2.3%).

The staff costs and general and administration expenses amounted to approximately 6.1% (previous year: 5.8%) of gross rental income.

The Net Operating Income (NOI) increased, in absolute terms, by EUR 21.8 million, or 4.0%, as compared to the previous year. The NOI margin in relation to gross rental income fell slightly, in line with expectations, from 77.5% to 76.3%. When adjusted to reflect the increase in maintenance expenses, it remained around the previous year's level.

Earnings from Disposals

In the Disposals business segment, we sold a total of 2,849 residential units (previous year: 4,308), with the transfer of risks and rewards taking place in the financial year.

in EUR m	2017	2016
Sales proceeds	308.6	354.3
Cost of sales	–7.2	–10.4
Net proceeds	**301.4**	**343.9**
Carrying amounts of assets sold	–251.1	–289.6
Earnings from Disposals	**50.3**	**54.3**

The average sales price increased by approximately 32% to EUR 1,504 per sqm (previous year: EUR 1,142 per sqm), so that earnings from disposals were still on a par with those realised in the previous year in spite of the 34% fall in disposals of residential properties.

In the face of the appreciation in the value of the properties and the higher access value of the acquired properties, the sales margin in relation to the carrying amounts remained, at 23%, at around the previous year's level (22%).

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

Privatisations

in EUR m	2017	2016
Sales proceeds	**106.0**	**146.1**
Average sales price in EUR/sqm	2,086	1,564
Volume in residential units	707	1,235
Cost of sales	–5.7	–8.7
Net proceeds	**100.3**	**137.4**
Carrying amounts of assets sold	–81.5	–105.0
Gross margin in %	30.1	39.1
Earnings	**18.8**	**32.4**
Carrying amounts	81.5	105.0
Loan repayment	–5.8	–8.9
Liquidity contribution	**94.5**	**128.5**

We recorded an increase in prices to more than EUR 2,000 per sqm in the context of our privatisation activities, which resulted in a comparatively large liquidity contribution for this area of operations in spite of the considerably lower number of units actually sold.

Institutional sales

in EUR m	2017	2016
Sales proceeds	**202.6**	**208.2**
Average sales price in EUR/sqm	1,313	961
Volume in residential units	2,142	3,073
Cost of sales	–1.5	–1.7
Net proceeds	**201.1**	**206.5**
Carrying amounts of assets sold	–169.6	–184.6
Gross margin in %	19.5	12.8
Earnings	**31.5**	**21.9**
Carrying amounts	169.6	184.6
Loan repayment	–2.3	–35.5
Liquidity contribution	**198.8**	**171.0**

Our disposals to institutional investors in the financial year 2017 were focussed on streamlining our holdings in Non-Core regions, which we were able to achieve with an average gross margin of just under 20%.

Earnings from Nursing and Assisted Living

The Nursing and Assisted Living business segment is operated via a shareholding in the KATHARINENHOF® Group, which managed the following facilities in the financial year 2017:

Nursing and Assisted Living	Facilities	Places	Proceeds	Average occupancy 2017	Average occupancy 2016
	Number	Number	EUR Mio.	in %	in %
Berlin	7	847	34.3	98.4	97.9
Brandenburg	5	594	21.1	97.2	98.7
Saxony	7	492	15.0	99.6	99.8
Lower Saxony	1	131	5.1	97.5	99.7
Hamburg	3	492	16.1[1]	93.0	n/a
Total	**23**	**2,556**	**91.6**[1]	**97.1**	**98.6**

1 The data for the facilities in Hamburg relates to the revenues generated in connection with full inpatient Nursing and Assisted Living operations. The revenues generated in connection with physiotherapy and out-patient nursing services have not been taken into account.

As at 31 December 2016, three facilities had been acquired in Hamburg (operations and properties), and their operating results are reflected in the segment earnings for the financial year 2017. Of the 23 properties, 22 are owned by Deutsche Wohnen and had a fair value of EUR 262.4 million as at 31 December 2017 (previous year: EUR 244.0 million).

Our ambitious nursing and assistance concept has enabled us to attain higher-than-average occupancy rates of between 96% and 99% for a number of years now.

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

in EUR m	2017	2016
Proceeds		
Nursing care	72.4	55.7
Residential	8.7	6.5
Leasing income	27.3	0.0
Intragroup leasing income	15.1	11.9[1]
Other	12.3	7.9
	135.8	**82.0**
Costs		
Nursing and corporate expenses	–22.2	–18.0
Staff expenses	–49.9	–35.3
Leased properties	–0.6	0.0
Intragroup leasing expenses	–15.1	–11.9[1]
	–87.8	**–65.2**
Earnings from Nursing and Assisted Living	**48.0**	**16.8**
Attributable current interest	–4.0	–4.2
Earnings from Nursing and Assisted Living after interest	**44.0**	**12.6**

1 Previous year's figure amended

The Nursing and Assisted Living segment contributed to Deutsche Wohnen's earnings with EBITDA in the amount of approximately EUR 48.0 million in 2017. After deducting the expenses attributable to the current interest rate, the earnings before taxes amounted to approximately EUR 44.0 million, which represents an increase of approximately EUR 31.4 million over the previous year, largely as a result of acquisitions.

Corporate expenses

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

in EUR m	2017	2016
Staff expenses	–52.4	–45.7
Long-term remuneration components (share-based)	–1.4	–2.2
General and administration expenses	–27.5	–25.8
Total corporate expenses	**–81.3**	**–73.7**

The cost ratio increased slightly, in line with expectations, from 10.5% in the previous year to 10.9% in relation to gross rental income as a result of staff hires and pay rises.

Other operating expenses/revenue

Other operating expenses / revenues comprised expenses in the amount of EUR 37.8 million (previous year: EUR 16.0 million) and revenues in the amount of EUR 8.8 million (previous year: EUR 7.3 million).

Other operating expenses in the financial year 2017 primarily comprised transaction-related property transfer tax in the amount of EUR 23.4 million.

Financial result

The financial result is made up as follows:

in EUR m	2017	2016
Current interest expenses	–100.2	–106.2
Accrued interest on liabilities and pensions	–18.7	–18.7
Transaction-related interest expenses	–51.7	–6.9
Fair-value adjustments of derivative financial instruments	3.0	–3.8
Fair-value adjustments of convertible bonds	–229.0	–79.6
	–396.6	**–215.2**
Interest revenue	1.4	3.4
Financial result	**–395.2**	**–211.8**

The decrease in current interest expenses as compared to the previous year was due to refinancing measures and the fall in interest rates for floating-rate loans. The average interest rate for all financing amounts fell from 1.6% p.a. in the previous year to 1.3% p.a.

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

The transaction-based interest expenses largely comprised prepayment penalties or redemption payments with regard to interest rate hedge transactions in the context of the early refinancing of loans in the amount of EUR 36.8 million, as well as EUR 14.1 million in non-recurring financing costs incurred in connection with the issuance of two convertible bonds with a total nominal value of EUR 1,600.0 million in the financial year 2017.

The development of the price for the convertible bonds mirrored that of the price of the Deutsche Wohnen SE 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 valuation loss.

After interest expenses, the cash flow from the portfolio increased by EUR 27.6 million to EUR 471.3 million, as shown in the following table:

in EUR m	2017	2016
NOI from lettings	567.5	545.7
Current interest expenses (excluding Nursing and Assisted Living)	–96.2	–102.0
Cash flow from portfolio after current interest expenses	**471.3**	**443.7**
Interest cover ratio	**5.9**	**5.4**

It was possible once again to improve the interest cover ratio (NOI in relation to current interest expenses) from 5.4 to 5.9 as a result of the rising operating results of the Residential Property Management segment and economies of scale, as well as low interest rates in the financing context.

Current taxes and deferred taxes

The current income taxes for the financial year 2017 in the amount of EUR 32.6 million (previous year: EUR 36.5 million) comprise current income taxes in the amount of EUR 40.6 million (previous year: EUR 36,5 Mio.), non-recurring effects in the amount of EUR 9.4 million and an additional EUR 1.4 million in non-cash tax expenses resulting from the capital increase in February 2017.

Deferred taxes amounted to EUR 802.3 million (previous year: EUR 829.5 million). Deferred tax expenses primarily relate to the appreciation in the value of our properties.

Financial position

Selected key figures on the consolidated balance sheet are as follows:

	31/12/2017		31/12/2016	
	in EUR m	in %	in EUR m	in %
Investment properties	19,628.4	96	16,005.1	95
Other non-current assets	138.1	0	109.3	1
Total of non-current assets	**19,766.5**	**96**	**16,114.4**	**96**
Current assets	409.2	2	477.0	3
Cash and cash equivalents	363.7	2	192.2	1
Total of current assets	**772.9**	**4**	**669.2**	**4**
Total assets	**20,539.4**	**100**	**16,783.6**	**100**
Equity	**10,211.0**	**50**	**8,234.0**	**49**
Financial liabilities	4,751.1	23	4,600.0	28
Convertible bonds	1,669.6	8	1,045.1	6
Corporate bonds	826.6	4	732.3	4
Tax liabilities	27.2	0	48.3	0
Employee benefit liabilities	65.7	0	67.6	0
Deferred tax liabilities	2,455.0	12	1,687.1	10
Other liabilities	491.5	3	369.2	3
Total liabilities	**10,328.7**	**50**	**8,549.6**	**51**
Total assets	**20,539.4**	**100**	**16,783.6**	**100**

Our total assets increased, primarily as a result of acquisitions and the appreciation in value of our real estate holdings.

The investment properties continue to represent the largest asset items. With regard to the revaluation, we refer to the section entitled "Property portfolio".

The value of our current assets decreased as compared to that recorded as at the balance sheet date in the previous year due to property disposals.

Equity increased, largely due to the Group profit realised in the amount of EUR 1,763.3 million and the capital increase implemented in February 2017, by EUR 542.7 million (net, after deduction of costs). Furthermore, new shares were issued in the context of the offer of compensation made pursuant to the control agreement entered into with GSW Immobilien AG. The dividend payment for the financial year 2016 in the amount of EUR 262.4 million and changes in relation to non-controlling interests had a countervailing effect. The equity ratio amounted to 50% as at the reporting date (previous year: 49%).

Financing

In the financial year 2017, various portfolio financing measures underwent early refinancing, prolongation and upward revaluation on current market terms.

The convertible bonds issued in the financial years 2013 and 2014 were voluntarily bought back or redeemed in the financial year 2017, and two new convertible bonds were issued in the nominal amount of EUR 800.0 million in each case.

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%. Furthermore, a number of registered bonds with terms of between 10 and 15 years and bearing interest of between 1.6% and 2.0% were issued in the financial year 2017.

These financing measures also had the effect of improving key financial figures of the Group. Accordingly, the average interest rate fell, as compared to the reporting date for the previous year, from approximately 1.6% p.a. to approximately 1.3% p.a., while the annual repayment rate fell to approximately 0.5% from 0.7% in the previous year. The average term of the Group's loans and bonds decreased slightly from 8.1 years in the previous year to 7.9 years. The hedging ratio amounted to approximately 88% as at 31 December 2017 (previous year: 85%).

As in the previous year, Deutsche Wohnen SE 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:

in EUR m	31/12/2017	31/12/2016
Financial liabilities	4,751.1	4,600.0
Convertible bonds	1,669.6	1,045.1
Corporate bonds	826.6	732.3
	7,247.3	6,377.4
Cash and cash equivalents	–363.7	–192.2
Net financial liabilities	**6,883.6**	**6,185.2**
Investment properties	19,628.4	16,005.1
Non-current assets held for sale	28.7	29.2
Land and buildings held for sale	295.8	381.5
	19,952.9	16,415.8
Loan to value ratio in %	**34.5**	**37.7**

Consolidated Statement of Cash Flows

The most important cash flows are shown in the following:

in EUR m	2017	2016
Net cash flows from operating activities	518.2	22.4
Net cash flows from investing activities	–964.1	–1,093.5
Net cash flows from financing activities	617.4	601.7
Net change in cash and cash equivalents	**171.5**	**–469.4**
Opening balance cash and cash equivalents	192.2	661.6
Closing balance cash and cash equivalents	**363.7**	**192.2**

Deutsche Wohnen was again able to meet its financial obligations in full at all times in 2017.

The net cash flows from operating activities are subject to fluctuation as a result of incoming and outgoing payments in connection with acquisitions and disposals of properties held for sale, such that the liquidated cash flows in 2017 amounted to EUR 119.8 million and those in 2016 to EUR –304.2 million.

The net cash flows from investing activities reflect, in particular, incoming payments from disposals of investment properties (EUR 115.4 million; previous year: EUR 285.5 million) and outgoing payments in connection with acquisitions (EUR 846.2 million; previous year: EUR 1,143.3 million), newly constructed buildings (EUR 8.2 million; previous year: EUR 6.5 million) and modernisation measures (EUR 227.4 million; previous year: EUR 150.0 million).

The net cash flows from financing activities primarily reflect all outgoing payments in connection with refinancing measures (the redemption and assumption of new loans and convertible bonds and the related non-recurring payments), incoming payments from the capital increase in February 2017 and the dividend payment for the previous financial year.

Funds from Operations (FFO)

The key figure funds from operations without disposals (FFO I), which is decisive for us, rose by approximately 13% as compared the previous year, due to acquisitions and operating improvements in our portfolio:

in EUR m	2017	2016
EBITDA	**600.8**	**575.1**
Valuation of current assets (properties)	0.3	2.5
Other non-recurrent expenses and income	22.3	0.2
Transaction costs	0.0	2.6
Restructuring and reorganisation expenses	0.9	1.3
EBITDA (adjusted)	**624.3**	**581.7**
Earnings from Disposals	–50.3	–54.3
Long-term remuneration components (share-based)	1.4	2.2
At-equity valuation	3.0	2.0
Interest expenses/revenues	–99.5	–104.9
Income taxes	–40.6	–36.5
Minorities	–6.0	–6.3
FFO I	**432.3**	**383.9**
Earnings from Disposals	50.3	54.3
FFO II	**482.6**	**438.2**
FFO I per share in EUR (undiluted)[1]	1.23	1.14
FFO I per share in EUR (diluted)[2]	1.23	1.04
FFO II per share in EUR (undiluted)[1]	1.37	1.30
FFO II per share in EUR (diluted)[2]	1.37	1.18

1 Based on the weighted average of approximately 352.12 million outstanding shares in 2017 and approximately 337.45 million in 2016; each with subordinated conversion of the in-the-money convertible bonds
2 Based on the weighted average of approximately 352.12 million outstanding shares in 2017 and approximately 370.81 million in 2016; each with subordinated conversion of the in-the-money convertible bonds

EPRA key performance indicators

The European Public Real Estate Association (EPRA) is an organisation based in Brussels, Belgium, 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

EPRA key figures	2017	2016
EPRA NAV (undiluted) in EUR m	12,676.8	10,017.0
EPRA NAV (undiluted) in EUR per share	35.74	29.68
EPRA NAV (diluted) in EUR m	12,676.8	11,009.3
EPRA NAV (diluted) in EUR per share	35.74	29.69
EPRA NNNAV (diluted) in EUR m	9,739.8	8,726.1
EPRA NNNAV (diluted) in EUR per share	27.46	23.53
EPRA earnings in EUR m	394.5	359.5
EPRA earnings (diluted) in EUR per share	1.11	0.97
EPRA Net Initial Yield in %	3.1	3.6
EPRA vacancies in %	2.1	1.9
EPRA cost ratio (incl. direct vacancy costs) in %	29.0	28.1
EPRA cost ratio (excl. direct vacancy costs) in %	26.6	25.8

EPRA NAV

Deutsche Wohnen has reported its NAV in accordance with EPRA standards since 2010. The net asset value is calculated on the basis of the current market value of the property portfolio, with the property valuation being verified by CB Richard Ellis.

The EPRA NAV (undiluted) per share increased by 20% from EUR 29.68 per share to EUR 35.74 per share in the year under review. Given that the outstanding convertible bonds as at the balance sheet date were not in cash form, the diluted EPRA NAV likewise amounted to EUR 35.74 per share.

in EUR m	31/12/2017	31/12/2016
Equity (before non-controlling interests)	9,888.2	7,965.6
Fair values of derivative financial instruments	2.0	47.0
Deferred taxes	2,786.6	2,004.4
EPRA NAV (undiluted)	**12,676.8**	**10,017.0**
Number of shares (undiluted) in m	354.7	337.5
EPRA NAV (undiluted) in EUR per share	**35.74**	**29.68**
Effects arising out of conversion of convertible bonds	0.0	992.3
EPRA NAV (diluted)	**12,676.8**	**11,009.3**
Number of shares (diluted) in m	354.7	370.8
EPRA NAV (diluted) in EUR per share	**35.74**	**29.69**

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 any deferred taxes.

in EUR m	31/12/2017	31/12/2016
EPRA NAV (diluted)	**12,678.8**	**11,009.3**
Fair values of derivative financial instruments	–2.0	–47.0
Fair value of financial liabilities[1]	–141.7	–212,9
Fair value of corporate bonds[1]	–6.7	–18.9
Deferred taxes	–2,786.6	–2,004.4[2]
EPRA NNNAV (diluted)	**9,739.8**	**8,726,1**
Number of diluted shares (in m)	354.7	370.8
EPRA NNNAV (diluted) in EUR per share	**27.46**	**23.53**

1 Difference between the carrying amounts reported on the balance sheet and the fair values
2 Previous year's figure amended

EPRA earnings

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

in EUR m	2017	2016
Group profit/loss in accordance with IFRS	**1,763.3**	**1,623.2**
Adjustments for the purposes of the calculation of EPRA earnings: Results of property valuation	–2,396.7	–2,665.1
Earnings from Disposals	–50.3	–54.3
Taxes on sales revenues[1]	5.0	5.4
Depreciation and amortisation of goodwill	0.0	537.3
Valuation of financial instruments and prepayment penalties	276.9	89.8
Deferred taxes	802.3	829.5
Minority shareholdings	–6.0	–6.3
EPRA earnings	**394.5**	**359.5**
Number of shares (undiluted) in m on the reporting date	354.7	337.5
EPRA earnings (undiluted) in EUR per share	**1.11**	**1.07**
Number of shares (diluted) in m on the reporting date	354.7	370.8
EPRA earnings (diluted) in EUR per share	**1.11**	**0.97**

1 In the interests of simplicity, taxes are reported in the amount of 10% of the earnings from Disposals.

EPRA net initial yield

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.

in EUR m	2017	2016
Investment properties and non-current assets held for sale[1]	18,832.4	15,315.9
Land and buildings held for sale[1]	278.0	363.7
Less facilities under construction and advance payments[1]	–245.4	–210.5
Sub-total: completed property portfolio	**18,865.0**	**15,469.1**
Plus incidental acquisition costs of an investor, estimated at 8.0%	1,509.2	1,237.5
Total: completed property portfolio	**20,374.2**	**16,706.6**
Annualised in-place rent	767.0	719.3
Less direct management costs[2]	–135.4	–120.6
Annualised in-place rent (net)	**631.6**	**598.7**
EPRA Net Initial Yield (EPRA NIY) in %	**3.1**	**3.6**

1 Excluding Nursing and Assisted Living and undeveloped land
2 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. The slight rise in the vacancy rate as compared to the previous year was attributable to vacancies resulting from modernisation measures implemented as part of our investment programme.

	2017	2016
EPRA vacancies in %	2.1	1.9

EPRA cost ratio

The EPRA cost ratio is a key figure for measuring cost efficiency, by placing management costs in relation to rental income.

in EUR m	2017	2016
Payment of contractually stipulated rents (potential gross rents and subsidies)	763.7	721.4
less adjusted EBITDA	–624.3	–581.7
less adjusted EBITDA: Segment earnings: Disposals	50.3	54.3
less adjusted EBITDA: Segment earnings: Nursing and Assisted Living	48.0	16.8
less adjusted EBITDA: Corporate expenses for the Disposals segment	–2.7	–2.9
plus expenses for leased nursing facilities	0.6	0.0
less maintenance expenses	–104.7	–94.5
Management costs	**130.9**	**113.4**
plus maintenance expenses	104.7	94.5
less payments of ground rent to third parties	–2.3	–2.3
EPRA costs (incl. direct vacancy costs)	**233.3**	**205.6**
less vacancy losses	–19.5	–16.9
EPRA costs (excl. direct vacancy costs)	**213.8**	**188.7**
Payment of contractually stipulated rents (potential gross rents and subsidies)	763.7	721.4
less payments of ground rent to third parties	–2.3	–2.3
plus leasing income from third-party-operated nursing facilities	27.3	0.0
plus leasing income from Group-operated nursing facilities	15.1	11.9
	803.8	**731.0**
EPRA cost ratio (incl. direct vacancy costs) in %	**29.0**	**28.1**
EPRA cost ratio (excl. direct vacancy costs) in %	**26.6**	**25.8**
EPRA cost ratio adjusted for maintenance expenses (incl. direct vacancy costs) in %	**16.0**	**15.2**
EPRA cost ratio adjusted for maintenance expenses (excl. direct vacancy costs) in %	**13.6**	**12.9**

Employees

Deutsche Wohnen has undergone considerable changes in recent years in the wake of the significant growth experienced by the company, and thereby has 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. We view the trend towards digitalisation as an opportunity to implement a results-oriented system for the organisation of all our personnel-related processes. This comprises, among other things, the digital logging of employees' personnel files and travel expense reports. We also offer numerous learning formats in digital form for the purpose of disseminating knowledge (webinars).

As at 31 December 2017, our company had a total of 1,111 employees (31 December 2016: 992).

As at 31 December 2017, KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH, in which we have a 49% shareholding, employed a further 1,998 employees (31 December 2016: 1,377 employees).

The majority (approximately 73%) 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. Overall, 54% of our employees were women at the end of the financial year, and the proportion of women in management positions amounted to 43%. The average length of service of 7.6 years has remained at much the same level as in previous years.

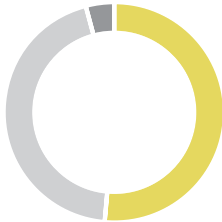
The strategic management of talent, the promotion of work-life balance and family-friendly working conditions, as well as diversity and equality of opportunity, form the cornerstones of our personnel policy. Our superior staff training, trainee and talent management programme and dual course of study options mean that we are able to supply a sizeable proportion of our own future requirements for highly accomplished staff from among our own ranks. Furthermore, employees and executives attended more than 1,450 sessions in the context of our target group-specific and needs-oriented training programme last year, with our senior managers, in particular, receiving support in adapting to the changing role of management in the wake of the growing digitalisation of the working environment and also in dealing with the challenges posed by an intergenerational workforce that is characterised by increasingly flexible forms of employment.

In 2017, 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. In addition, the systematic employee survey, which has been 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.

Deutsche Wohnen encourages diversity and does not tolerate any discrimination against its employees on grounds of, for example, gender, age, background, disability or sexual orientation. We offer flexible working arrangements, for example working from home and part-time employment options, to parents employed at our company with a view to helping them achieve a better work-life balance. In the year under review, 9% of our employees availed themselves of this option, with 2% of our workforce going on parental leave.

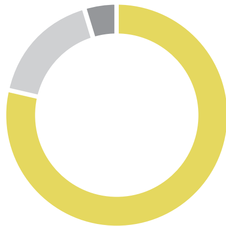
Employees

	31/12/2017	31/12/2016
Deutsche Wohnen	1,111	992
Number of women (%)	602 (54.2)	519 (56.6)
Number of men (%)	509 (45.8)	431 (43.4)
Number of trainees (%)	46 (4.1)	44 (4.4)
Average age in years	41	41



Flexible working hour arrangements and women in management positions

In %	31/12/2017	31/12/2016
Proportion of women in management positions	43.4	44.2
Proportion of employees opting for part-time employment	9.2	8.77
Proportion of employees opting to take parental leave	2.3	2.2



Report on the Individual Financial Statements of Deutsche Wohnen SE

Foundations of Deutsche Wohnen SE

Deutsche Wohnen SE (DWSE) 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 [Handelsgesetzbuch – HGB] applicable to large corporations, and the supplementary provisions of the German Stock Corporation Act [AktG] as well as the European Regulation and the German introductory law on European Stock Corporations. Deutsche Wohnen SE is a capital-market-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 SE.

Employees

On 31 December 2017, Deutsche Wohnen SE had 179 employees[1] (previous year: 160) and 46 trainees and students (previous year: 42) in its employ.

Management Board analysis of business operations

In the financial year 2017, Deutsche Wohnen SE was able to take advantage of the currently favourable market conditions to carry out a capital increase and the early refinancing of convertible bonds. In this way, further long-term funds were raised to finance the company and thus the Group.

The operating results from holding activities in the financial year 2017 were mainly influenced by non-recurring expenses in connection with the issue of convertible bonds and the costs of the capital increase. Higher revenues from the charging of administrative expenses had an offsetting effect.

In order to improve the financial results and maturity structure in the longer term, the convertible bonds issued in 2013 and 2014 were repurchased and two new convertible bonds with a nominal value of EUR 800 million each were issued. This resulted in non-recurring interest expenses of EUR 553.3 million, which resulted in Deutsche Wohnen SE reporting a net loss for the financial year 2017.

Profit transfers and distributions by subsidiaries amounted to EUR 15.9 million in the financial year 2017, in particular based on the distribution of profits by GSW Immobilien AG for 2017 only being realised in 2018. And as such were lower than in the previous year (EUR 123.4 million).

Excluding one-off items, earnings before taxes are in line with our forecast.

1 All employees incl. those on maternity/parental leave, temporary staff and marginal employees, but excl. trainees , excl. Management Board

Notes on the financial performance and financial position of Deutsche Wohnen SE

Financial performance

	2017	2016	Changes	Changes
	in EUR m	in EUR m	in EUR m	relative in %
Revenues	43.0	31.5	11.5	37
Other operating income	0.8	1.4	–0.6	–43
Staff expenses	–18.8	–17.2	–1.6	9
Other operating expenses	–56.6	–32.7	–23.9	73
Depreciation and amortisation	–3.3	–2.1	–1.2	57
Operating results	**–34.9**	**–19.1**	**–15.8**	**83**
Net income from interest	1.0	7.6	–6.6	–87
Earnings from shareholdings	15.9	123.4	–107.5	–87
Non-operating earnings	–553.0	0.0	–553.0	n/a
Extraordinary depreciations and amortisations	0.0	–0.2	0.2	–100
Income taxes	0.0	–1.3	1.3	–100
Annual earnings	**–571.0**	**110.4**	**–681.4**	**–617**

Deutsche Wohnen SE acts as a holding company and generates revenues from the provision of business management services to the entire Group.

The increase in staff expenses by EUR 1.6 million as compared to the previous year was largely due to the hiring of employees and salary increases. Deutsche Wohnen SE had an annual average of 168 employees in 2017 (previous year: 155 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. In the financial year 2017, consulting costs and fees of EUR 14.1 million were incurred for the issue of two convertible bonds and of EUR 4.4 million for the capital increase in February 2017. There were no such events in the previous year.

The depreciation and amortisation for the year related to 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 office furniture and equipment and improvements in the efficiency of our IT systems.

Net income from interest comprised interest expenses in the amount of EUR 22.5 million (previous year: EUR 16.6 million) and interest income of EUR 23.5 million (previous year: EUR 24.2 million).

In this and in the previous financial year, Deutsche Wohnen SE primarily relied upon equity and low-interest-bearing convertible bonds and corporate bonds to finance its activities. Deutsche Wohnen SE 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 –20.5 million (previous year: EUR –11.9 million) and net income generated with affiliated companies in the amount of EUR 21.5 million (previous year: EUR 19.5 million). Interest expenses with third parties increased due to higher nominal amounts of outstanding registered bonds and convertible bonds. Non-recurring interest expenses incurred in connection with the repurchase of convertible bonds were included in the non-operating earnings for better comparability.

Value created at the subsidiary level accrued, via the earnings from shareholdings, to Deutsche Wohnen SE in its capacity as holding company. Earnings from shareholdings take account of transfers of earnings from subsidiaries pursuant to profit transfer and/or control agreements and from partnerships in the total amount of EUR 15.9 million (previous year: EUR 42.5 million), as well as dividend payments from subsidiaries in the amount of EUR 80.9 million the previous year.

Non-operating earnings mainly included non-recurring interest expenses (EUR 553.3 million). These interest expenses arose from the repurchase by Deutsche Wohnen SE of the convertible bonds issued in the financial years 2013 and 2014 at a price above the nominal value.

Without the one-off items described above, Deutsche Wohnen SE would have achieved earnings before taxes in the amount of approximately EUR 75.3 million. This is because the net loss for the year of EUR 571.0 million includes the following one-off items: one-off interest expenses (EUR 553.3 million), one-off consultancy fees and expenses (EUR 18.5 million) and the postponed dividend payment of GSW Immobilien AG (EUR 74.5 million).

Financial position

		31/12/2017		31/12/2016	Changes
	in EUR m	%	in EUR m	%	in EUR m
Fixed assets	3,444.5	42.8	3,127.0	44.8	317.5
Receivables and other assets	4,271.1	53.0	3,683.1	52.8	588.0
Cash and bank balances	337.0	4.2	165.2	2.4	171.8
	8,052.6	**100.0**	**6,975.3**	**100.0**	**1,077.3**
Equity	3,812.3	47.3	4,098.7	58.8	–286.4
Provisions	11.1	0.2	12.9	0.2	–1.8
Liabilities	4,229.2	52.5	2,863.7	41.0	1,365.5
	8,052.6	**100.0**	**6,975.3**	**100.0**	**1,077.3**

The fixed assets of Deutsche Wohnen SE, amounting to EUR 3,444.5 million (previous year: EUR 3,127.0 million), primarily consist of shares in affiliated companies amounting to EUR 3,110.4 million (previous year: EUR 3,119.4 million). The decrease is mainly attributable to transactions with minority shareholders in GSW Immobilien AG.

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

The equity of Deutsche Wohnen SE increased in the financial year 2017 by EUR 545.3 as a result of the cash capital increase in February 2017 and by EUR 0.4 million 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 SE. The equity also increased by EUR 1.4 million as a result of a capital contribution in connection with share-based remuneration for members of the Management Board. The payment of a dividend of EUR 262.4 million and the net loss for 2017 in the amount of EUR 571.0 million had the effect of reducing the equity accordingly. The issued capital amounted to EUR 354.7 million as at the reporting date (previous year: EUR 337.5 million). The equity ratio amounted to 47.3% (previous year: 58.8%).

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The liabilities comprised the following items:

in EUR m	31/12/2017	31/12/2016	Changes
Liabilities to affiliated companies	1,792.6	1,474.4	318.2
Convertible bonds	1,602.3	651.2	951.1
Corporate bonds	832.3	735.9	96.4
Other liabilities	2.0	2.2	–0.2
	4,229.2	**2,863.7**	**1,365.5**

The liabilities to affiliated companies decreased as a result of the internal Group cash pool, which is headed up by Deutsche Wohnen SE as the central cash pool leader.

The convertible bond issued in the financial year 2013 with a total nominal amount of EUR 250.0 million, which would have matured in 2020, and the convertible bond issued in the financial year 2014 with a total nominal amount of EUR 400 million, which would have matured in 2021, were acquired in the financial year 2017 as part of repurchase offers at market value. The convertible bonds not offered for repurchase have been converted in accordance with the bond terms and redeemed in cash or redeemed at nominal value.

Two new unsecured convertible bonds [Wandelschuldverschreibung – WSV] were issued:
- WSV 2017 with a total nominal value of EUR 800.0 million, a maturity until 2024 and a fixed interest rate of 0.325% p. a.. The initial conversion price is EUR 48.5775, which fell to EUR 48.2967 as a result of the dividend payment in June 2017.
- WSV 2017 with a total nominal value of EUR 800.0 million, a maturity until 2026 and a fixed interest rate of 0.60% p. a.. The initial conversion price is EUR 50.846.

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, which were repaid in the course of the financial year 2017. In the financial year 2017, unsecured, long-term and fixed-interest registered bonds with a nominal value of EUR 325.0 million were issued at interest rates of between 1.60% p. a. and 2.00% p. a.. They mature in the years 2027 to 2032.

The leverage ratio of Deutsche Wohnen SE (ratio of debt to total assets) as of the reporting date is 52.7% (previous year: 41.2%), the rise in the debt ratio is due, on the one hand, to the refinancing of the convertible bonds and, on the other hand, to the changes in the balance sheet structure (balance sheet extension) as a result of the central cash pool.

The presentation of a consolidated statement of cash flows is waived in accordance with section 264(1), sentence 2 of the German Commercial Code [HGB].

Deutsche Wohnen SE was able to meet its financial obligations at all times in the financial year 2017.

As in the previous year, Deutsche Wohnen SE 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 SE has sufficient liquidity to meet its payment obligations through the intra-Group cash pooling system and external credit lines.

Forecast

Deutsche Wohnen SE 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 2018, we have assumed that legal and fiscal framework conditions will not change. Furthermore, we expect the company to continue to operate successfully, and we 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 2018 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 SE is linked to the financial development of its subsidiaries. Earnings are also dependent on the subsidiaries' transfer of profits and distributions.

For 2018, we expect higher earnings from shareholdings due to the distribution of GSW Immobilien AG. We therefore expect to realise annual earnings, excluding one-off items, in a positive amount.

Risk and opportunity report

Risk management system of Deutsche Wohnen

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

As part of its Group-wide risk management system (RMS), Deutsche Wohnen implements an early warning system for risks (REWS), which thus extends to all of its fully-consolidated companies. The REWS is a component of the audit of the annual financial statements and is assessed with regard to its compliance with applicable legal requirements. The most recent audit has shown that the REWS of Deutsche Wohnen is able to identify developments which could pose a threat to the company's continued existence, and the measures undertaken by the Management Board for the establishment of such a REWS meet the requirements imposed by section 91(2) of the German Companies Act [Aktiengesetz – AktG] in this regard.

Principles underlying our risk management policy

Our risk strategy aims to ensure the continued existence of the company and, furthermore, to increase its value in terms of corporate responsibility and sustainability. The success of our business is contingent the exploitation of any opportunities which arise and the identification and assessment of any associated risks. Opportunities are exploited to an optimal degree, while any entrepreneurial risks are addressed in a mindful 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 are to be avoided.

Every employee is made aware of risk-related issues, and is encouraged to report any potential risks and to act fully aware of the risks, i.e. both to inform himself or herself as to the risk situation within his or her area of responsibility, and to deal with any identified risks in a responsible manner. This enables the company to ensure that suitable measures for the avoidance, reduction or transfer of risks are implemented, and to adopt a mindful approach to the taking of calculated risks. 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 as well as the allocation of the necessary resources. Furthermore, it approves the documented results of the risk management system, taking these into account in the corporate management context.

Deutsche Wohnen managers are designated "risk owners" and, in this capacity, assume responsibility for the identification, assessment, documentation and communication of all material risks arising within their areas of responsibility. The risk manager coordinates the recording, assessment, documentation and communication of the risks as part of the overall risk management process, thereby initiating periodic risk management activities, consolidating the reporting of risks by the risk owners and preparing the report for submission to the Management and the Supervisory Board. The internal audit division monitors the functioning of the risk management system as part of its auditing activities.

We are not at the present time aware of any risks which the company would not reasonably be able to ward off or which could adversely affect the financial performance or financial position of the Deutsche Wohnen Group in such way as to pose a threat to its continued existence.

Instruments forming part of the risk management system

The purpose of the Group-wide RMS as a whole is to assist in enabling 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 operational capability verified on an ongoing basis.

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

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

1. Internal control system (ICS)

The ICS governing the Group's accounting procedures aims to ensure the correctness and effectiveness of its accounting and financial reporting activities.

The ICS in place at Deutsche Wohnen SE primarily implements the following principles: transparency, observance of a dual control policy ("four eyes" principle), segregation 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, control and monitoring structures.
- There are planning, reporting, controlling and early warning systems and processes which are harmonised across the Group and 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 activities meet the corresponding 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 matters relating to (Group) accounting and risk management, the audit of the financial statements and the main focal points of these statements.

The internal control and risk management system with regard to 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 SE 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. This reporting system is subject to continuous review and enhancement. Using relevant key operating and financial figures, it also establishes reference points for identified risks. In this context, 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 risk categories include 46 risks in total. 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, monitor- ing the technical condition of our properties, analysing demographic developments and the job market, monitoring projections as to supply, rents and new construction 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, as well as analyses of and projections as to the performance of the financial markets and changes in interest rates.

The risks are documented by using 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.

Risks are managed at the department level and, where they involve amounts of damage in excess of EUR 500,000 are verified in the context of the risk inventory and allocated to the indicated risk categories. Any newly identified risks will be subject to ad hoc notification requirements.

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

For each risk, it is ascertained whether any factors exist which potentially indicate the materialisation 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 risks is classified as follows: negligible, significant, major or critical.

Thresholds

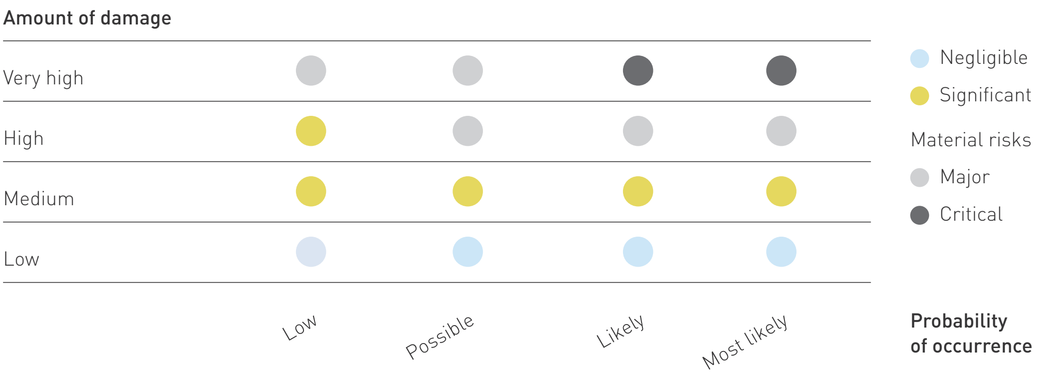
Amount of damage	EUR m
Low	0.5 – 2
Medium	> 2 – 15
High	> 15 – 50
Very high	> 50 – 100

Pobability of occurrence	%
Low	0 – 20
Medium	> 20 – 50
High	> 50 – 70
Very high	> 70 – 100

The following ten risk categories, together comprising a total of 46 risks, have been identified in the context of Deutsche Wohnen's risk management activities:

1. General corporate risks
2. Legal risks
3. IT risks
4. Letting risks
5. Performance risks -personnel
6. Acquisition and sales risks
7. Risks in the segment of nursing
8. Performance risks – property
9. Financial risks
10. Investment risks

Risk evaluation diagram



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 risk owners, the risk manager and the Management Board, with a view to ensuring company-wide transparency with regard to 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 for this being 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.

Compliance with legal provisions and with internal guidelines which are binding on all employees is the foundation of Deutsche Wohnen's management endeavours and corporate culture, and thus also a means of minimising any adverse effects on its operations.

Risks arising in relation to corporate governance matters are monitored by the legal division and 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 insider register 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 the main point of contact for any questions employees may have and for handling the 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 key aspects of the reviews are stipulated in consultation with the Management Board and the Supervisory Board. 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.

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 2017 despite changes to the evaluation of individual risks as compared to the previous year, nor were any ad hoc risks reported.

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

The following table provides an overview of the amount of damage and probability of occurrence of the material risks:

Category of risk	Risk	Amount of damage	Probability of occurrence
1. General corporate risks	No specific risk identified		
2. Legal risks	No specific risk identified		
3. IT risks	No specific risk identified		
4. Letting risks	Letting risks arising from new legislation	Very high	Possible
5. Performance risks – personnel	No specific risk identified		
6. Acquisition and sales risks	No specific risk identified		
7. Risks in the segment of nursing	No specific risk identified		
8. Performance risks – property	No specific risk identified		
9. Financial risks	No specific risk identified		
10. Investment risks	Risk arising from choice of suppliers and dependence on suppliers	High	Most likely
	Investment risks arising from new legislation	Very high	Possible

General corporate risks

This type of risk comprises those risks of a general nature which cannot readily be allocated to any of the other categories. According to Deutsche Wohnen's evaluation criteria, these are deemed to be non-material risks.

Failure to identify market developments and trends

Market risks may arise if the economic situation in Germany deteriorates, causing market rents or property prices 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 disposable net 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.

Where such market developments or trends are not anticipated at any early stage, 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 close monitoring of developments in their relevant sectors and for prompt notification of any changes to the Risk Management department.

Risks arising as a result of amendments to data protection legislation

The EU General Data Protection Regulation (DSGVO), which will come into force in May 2018, will impose more stringent requirements on companies with regard to the handling of personal data. In addition, infringing parties may face large fines, which will be calculated on the basis of their revenue.

Deutsche Wohnen launched a project aimed at ensuring its compliance with the new requirements of DSGVO. It also continually adapts and redesigns its processes to this end.

Risks arising as a result of damage to the company's image and reputation

Negative reports in the media and any initiation of proceedings against executive bodies or employees of Deutsche Wohnen may have an adverse effect on its image or reputation.

As a result of the tension between the demand for and the availability of housing in Germany's conurbations, private homeowners are the focus of much attention from political players and the media, a situation which has given rise to political demands and corresponding reporting. Deutsche Wohnen, therefore, is striving for a constructive dialogue with all of its stakeholders. Moreover, we have been a supporter of social and cultural organisations and services for a number of years now.

Risks arising as a result of catastrophic events and cases of damage

A rise in the number of cases of damage or, for example, natural disasters (such as storms, floods) or changes/states of dependency arising in the insurance market could have adverse financial repercussions for the company. There are currently no indications of any such developments.

Legal risks

According to Deutsche Wohnen's evaluation criteria, these are deemed to be non-material risks.

Given 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.

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, a lack of comprehensive regulations in contracts that have been concluded or insufficient management of insurance arrangements.

Pending or imminent litigation could have a material effect on the company's net assets, financial position and financial performance.

On 30 April 2014, a control agreement was concluded between Deutsche Wohnen SE, as the controlling company, and GSW Immobilien AG, as the controlled company, and took effect when the agreement was entered into the commercial register on 4 September 2014. Pursuant to this agreement, Deutsche Wohnen is obligated to assume any losses incurred by GSW.

Furthermore, pursuant to the control agreement, Deutsche Wohnen SE undertook, at the request of the external shareholders of GSW, to acquire the latter's shares in exchange for shares of Deutsche Wohnen 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 the term of the control agreement.

The suitability of the offer of compensation and the compensation payment are currently subject to review in the context of a motion brought by individual shareholders of GSW for the initiation of a shareholder action pursuant to section 1(1) of the German Shareholder Action Act [Gesetz über das gesellschaftsrechtliche Spruchverfahren – SpruchG]. 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.

IT risks

According to Deutsche Wohnen's evaluation criteria, these are deemed to be non-material risks at the present time.

Risks associated with the availability of the company's IT systems

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

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

Risks arising as a result of weaknesses in or unauthorised accessing of the IT systems

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 obligated to comply with security measures relating to the IT landscape pursuant to guidelines issued to that effect, and are made aware of the risks associated with this area through training measures.

Risks arising as a result of the company's letting activities

We consider the risk of changes being made to the existing legal framework for our letting activities to be a material risk.

Regulatory intervention in tenancy law may 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 living space.

Other legislative amendments are regularly the subject of discussion. The possibility that further regulatory amendments may be implemented cannot be excluded in the wake of the German parliamentary election.

At the federal state level, the 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.

Although we currently consider this risk to be significant, we do not believe the continued existence of the company to be under any threat.

Other risks arising in the letting context may arise as a result of defaults on rental demands or a low level of customer satisfaction, or in connection with tenancy agreements or our contractual partners. We do not consider these to be material at the present time.

Risks arising in connection with the company's personnel

According to Deutsche Wohnen's evaluation criteria, these are deemed to be non-material risks at the present time.

A decisive factor for the success of our business operations is the knowledge and special skills of our employees.

Risks may arise as a result of changes to, for example, the existing legal framework (such as minimum wage regulations), the lack of corporate identification of the employees, insufficient integration of new employees, increased staff turnover, a lack of skilled personnel, or higher staff expenses due to a general rise in salaries in the market as a whole or increased social security contributions.

The HR department develops support and employee loyalty programmes and regularly adjusts the company's system of remuneration in line with the market. We accommodate the generational diversity among our workforce with the help of intelligent work station design, while health awareness days, a company-wide summer party and other benefits help to increase our attractiveness as an employer.

The Deutsche Wohnen Group has employee benefit liabilities arising out of the company's retirement provision scheme in the form of pension commitments, in respect of which provisions in the amount of EUR 66 million were established as at 31 December 2017. 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 provisions.

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 payment of equivalent amounts. All personnel-related measures are thus undertaken in consultation with our legal advisers.

Risks arising as a result of acquisitions and disposals

According to Deutsche Wohnen's evaluation criteria, these are deemed to be non-material risks at the present time.

New legislation
Legal or political interventions may result in sales activities being deferred or have an impact on price levels.

Market risks associated with disposals
A deterioration in the economy as a whole or a change in interest rates generally could result in a decline in interest in the purchase of properties. This would give rise to the risk, in both individual privatisations and block sales, of potential purchasers putting property investments on hold and thus causing delays in Deutsche Wohnen's disposal schedule.

Risks arising as a result of acquisitions

In the case of the acquisition of residential properties and nursing care facilities in both existing and new regions, there is a possibility that we may be able to achieve targets associated with such acquisitions either only to a certain degree or only 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 both administrative and management systems and internal structures and processes. These factors may diverge from our estimates and result in a failure to realise 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.

Increased risk exposure additionally results from the conclusion of a larger number of purchase agreements of increased complexity, or from unfounded third-party claims.

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, Corresponding safeguarding measures, such as guarantees, indemnifications, reservations and insurances policies, are undertaken as a means of securing claims.

The requisite structured tracking and monitoring of the fulfilment of the resultant obligations is undertaken by the Contract Management department.

Potential deviations from business plans or assumptions held at the time of a corporate merger are identified and monitored by means of corresponding reporting activities.

Risks arising as a result of the company's nursing care operations

This risk category comprises risks specifically arising in the nursing care context. We currently consider this risk category to be non-material.

Risks may arise as a result of changes to the existing legal framework applicable to our nursing care operations, shortfalls on the part of operators or a deterioration in the quality of the services provided.

By virtue of our shareholding in the nursing home operator KATHARINENHOF®, we are ideally placed to counterbalance any shortfalls on the part of third-party operators of our nursing care facilities.

Property risks

We have identified property risks in connection with statutory requirements, environmental concerns, the structural condition and quality of our properties, as well as their surrounding areas.

Our risk assessment in this context takes account of maintenance lapses, structural damage or inadequate fire protection, in particular. 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.

We maintain an overview of the condition of our properties based on a technical analysis of our holdings, on which basis we have also established a corresponding long-term investment programme supplemented by a number of ad hoc measures. As a result of our acquisition of numerous properties in recent years, we now need to improve the quality of some of the holdings in our portfolio.

However, Deutsche Wohnen's properties are generally in a lettable condition, the overall vacancy rate being on 31 December 2.0%. Moreover, the condition of the properties in technical terms is an aspect which is taken into account in the risk assessment. Therefore, we currently consider this risk category to be non-material.

Financial risks

This risk category comprises the following risks, which we currently classify as non-material.

Risks arising as a result of fluctuations in value

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 is governed, in particular, by developments on the property market as a whole, those on 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 in the property market, 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 written off.

This could also result in fluctuations in the carrying amounts for and/or revenues of shareholdings or in the value of cash items.

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.

Financial market risks and risks arising out of financial instruments

Following the successful refinancing and restructuring of its loan portfolio, Deutsche Wohnen will not have any material volumes requiring refinancing up to and including 2019. In addition, Deutsche Wohnen has been awarded credit ratings of A– by Standard&Poor's and A3 by Moody's, making it one of the most highly ranked listed real estate companies in Europe.

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, a failure of 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).

Risk exposure for the Group arising out of financial instruments comprises interest-related cash flow risks, liquidity risks and default risks. The company's management draws up and reviews risk management guidelines for each of these areas of risk. **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 the occurrence of a liquidity shortfall** is assessed on a daily basis with the aid of a liquidity planning tool. Deutsche Wohnen remains committed to ensuring 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 floating interest rates, and is hedged using interest rate derivatives. Please refer to our statements in this regard in the Notes.

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 283 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. 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

It is currently difficult to recruit skilled personnel and suppliers for the performance of construction, skilled trade and planning services. Materials which are in great demand may also become more expensive, which could result in increased construction costs or delays in construction, which in turn could result in a failure to meet financial targets or in the postponement of investments. Consequently, investment decisions are subjected to ongoing review. This risk is therefore classified as significant.

Legislation is an important factor in the investment context, and one which is constantly subject to change. The risk of new building regulations coming into force is classified as significant, as such legislative changes could have an adverse impact on the company's ability to achieve its financial targets.

The following risks are currently classified as non-material risks.

The selection and planning of major maintenance measures can result in an incorrect allocation of investment funds.

As a general rule, complex investment measures are always subject to cost- and time-related risks, which are countered by means of project-specific monitoring activities.

Official orders to suspend construction work and non-procurement of building permits could have an adverse effect on the company's operations as these problems can 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.

Opportunities for future development

In the financial year 2017, 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 portfolio has been bolstered by consistently 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, Dresden, Leipzig, 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 (LTV) debt ratio which is lower than average, having fallen consistently over the past few years. Our business model is fully acknowledged by our banking partners and our credit rating has improved steadily over the years.

With its 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, Deutsche Wohnen remains one of the most highly ranked real estate companies in Europe. Our issuer ratings accord us a greater degree of financial flexibility.

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

As at the reporting date, the company's market capitalisation amounted to approximately EUR 13 billion, which represents an increase of approximately 30% compared to the previous year. As a result, Deutsche Wohnen has now made itself more visible in the hands of international investors, which could lead to advantageous interest rates on the capital markets.

Opportunities arising as a result of investments

We have increased the amount of our existing investment programme to approximately EUR 1.2 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 2022. We have also adopted a redensification and new construction programme in the amount of around EUR 550 million with a view to enabling the efficient use of existing land reserves and the construction of approximately 2,500 additional residential units over the next five years. The opportunities presented by these projects relate to sustainable investment and the creation of value, rather than the generation of anticipated returns over the short term.

Forecast report

General economic conditions

Economic upswing in Germany is expected to continue: The German Institute for Economic Research e. V. [DIW Berlin] forecasts growth for the German economy in 2018 at the previous year's level of 2.2%. In light of the subdued trends in wages and prices, however, there is no risk of the German economy overheating. Rather, the pace of growth is expected to slow down somewhat.

Positive outlook for the German residential property market

Residential investment market remains on the upswing: JLL predicts that in Germany a transaction volume of around EUR 14 billion to 15 billion can be achieved in the commercial residential investment market in 2018. The ongoing expansion of foreign investors into Germany, the ongoing boom in project developments and price increases for existing portfolios could contribute to this.[1]

High demand for new construction in metropolitan areas: According to the Cologne Institute for the German Economy, 88,000 new residential units will have to be built in Germany's top 7 cities by 2020 in order to meet increasing demand. Of these, Berlin alone accounts for 31,230 apartments, which represents about 35% of the total demand. However, with an average of 7,700 new residential units per year in Berlin between 2011 and 2015, only a quarter of this demand is being met. This means that construction activity is lagging significantly behind demand. In order to counteract this trend, both cities and investors should continue to focus on redensification measures in existing properties.[2]

Interest rates are likely to remain low: With regard to the financial markets, no significant change in the policy of low interest rates is foreseeable. Therefore, it can be assumed that interest rates will remain low. Thus, favourable financing conditions and low returns on alternative forms of capital investment will probably continue to stimulate demand for residential property.

Forecasts with regard to the financial year 2018

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 page 58 onwards.

In addition, our projections reflect assumptions as regards developments both in the economy as a whole and in the residential property market. We expect to realise FFO I in the amount of approximately EUR 470 million and adjusted EBITDA (excluding disposals) in the amount of approximately EUR 615 million in the financial year 2018.

Our plans for the financial year 2018 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 640 million. Here, our focus over the coming years will be on organic growth and the energy-efficient refurbishment of our properties. To this end, in 2016 we launched a modernisation programme, to be implemented over the coming years, in the amount of approximately EUR 1.2 billion, with these funds earmarked for investment in the Core+ regions. A further EUR 550 million will be dedicated to new construction and redensification projects. Ongoing maintenance measures will be between EUR 9 per sqm and EUR 10 per sqm in 2018. We do not expect any material change in the vacancy rate as compared to that recorded at the end of 2017. The planned like-for-like rental increase amounts to around 3% across the entire letting portfolio.

1 JLL, Investment Market Overview for Germany, 4th Quarter 2017
2 Cologne Institute for the German Economy, Migration to the major cities and the resulting demand for housing, 07.02.2017

In the Disposals business segment, the focus in 2018 will also be on privatisation. Disposals from within the strategic Core and Growth regions will be decided depending on the situation and the opportunities.

We expect segment earnings of around EUR 48 million for the Nursing and Assisted Living business segment. In addition, we intend to further expand this segment through targeted acquisitions.

Interest expenses are likely to amount to approximately EUR 100 million given the refinancing measures taken in recent financial years. The debt ratio (loan to value ratio) is expected to be within our target range of 35% to 40% by the end of the year.

Given unchanged general conditions and the positive outlook for the German residential property market, particularly in metropolitan areas, we expect our property portfolio to develop positively in 2018 and a resulting increase in EPRA NAV compared with 2017.

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 SE, and explains the composition and amount of the individual remuneration paid to each of the Board members.

Remuneration system for the Management Board

The remuneration system for the Management Board and the total remuneration of the individual members are determined by the Supervisory Board and are subject to regular review. The amount of remuneration to be paid is governed by the German Stock Corporation Act [Aktiengesetz – AktG], supplemented by the regulations of the German Corporate Governance Code [Deutscher Corporate Governance Kodex – DCGK].

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, and the extent to which the amount of remuneration is customary among his/her peers and in light of the remuneration structures in place within the company. The remuneration system as a whole focuses on the sustainable development of the company.

The contracts of all of the members of the Management Board provide a compensation payment in the event that their board activity 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 a compensation payment in the event of an early termination of the board activity as a result of a change of control, in which case the amount of the payment will be limited, in line with section 4.2.3 of the DCGK, to a maximum of three years' remuneration.

In addition to fixed remuneration, the members of the Management Board receive variable short-term and variable long-term remuneration. The variable short-term remuneration component is aligned with short-term company targets. The variable long-term remuneration component is intended to enable 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 of the financial risks and opportunities to which the company is exposed. The variable remuneration components may be withheld in the event of any non-attainment of targets or will be subject to an upper limit.

The members of the Management Board moreover receive benefits in kind in form of insurance premiums and personal use of means of communication and company vehicles. In case of extraordinary developments, the contracts of the Management Board additionally could provide extra payments/renumeration which are limited to the amount of the particular fixed annual salary. No pension arrangements are in place.

The variable long-term remuneration component will be revised in 2018.

Variable remuneration system until financial year 2017

The variable short-term remuneration component – short-term incentive (STI) – is set on an annual basis 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%.

Payment of the STI for the financial year 2017 was subject to the attainment of the following financial performance targets: FFO I (weighting: 20%), earnings from Disposals (weighting: 20%), EPRA NAV per share (weighting: 10%) and LTV (weighting: 10%). In addition, various strategic targets were defined, primarily with regard to the further optimisation of the capital structure, the implementation of the investment programme, the further expansion of the value-added chain, the integration of the nursing home facilities acquired in the financial year 2016, and the further development of the sustainability strategy (weighting: 30%). The decision as to whether to pay a further 10% of the STI was placed at the discretion of the Supervisory Board. At its meeting held on 8 March 2018, the Supervisory Board resolved upon the application of a degree of target attainment for STI of 125% for the Management Board for the financial year 2017.

The variable long-term remuneration component – long-term incentive (LTI) – takes the form of a share option programme („SOP 2014").

In order to safeguard the shareholders' interest in a sustainable enhancement of the value of the company, share options may only be exercised where defined performance targets are reached by the end of the four-year waiting period. Specifically: 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 aforementioned performance targets in turn comprises a minimum target, which must be attained in order to render half of the share options allotted to this performance target exercisable. In addition, there is a maximum target, upon the attainment of which all of the share 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 EPRA NAV per share (adjusted for goodwill) and FFO I per share on the basis of the company's four-year projections prior to the issuance of any share 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.

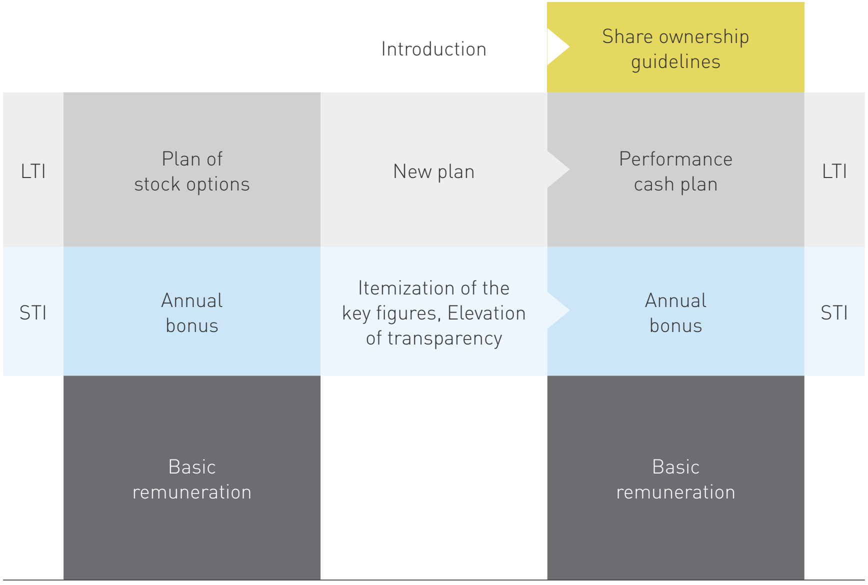
In accordance with section 193(2)(4) of the German Stock Corporation Act [AktG], the waiting period for a tranche of share options will in each case commence on the date of issue and end four years after that date. The period for the exercise of the options is three years. Share options that are not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

System of variable remuneration from financial year 2018 onwards

According to the recommendation of the Executive Committee the Supervisory Board resolved upon the implementation of adjustments to the system of remuneration for the members of the Management Board. The previous system of remuneration had been subjected to a review and process of enhancement with the assistance of an external remuneration consultant. The objectives for the enhancement of the system of remuneration for the members of the Management Board can be summarised as follows:
- Reduction of complexity of the system of remuneration
- Elevation of transparency and comprehensibility
- Greater alignment with the requirements of the capital markets through stronger weight of the share price performance
- Stronger representation of both current and future business strategies

The revised system of remuneration for the Management Board, described in greater detail below, is in line with both the specifications of the AktG and the recommendations and suggestions put forward by the DCGK. The changes will apply in equal measure to all of the members of the Management Board from 1 January 2018 onwards.

Overview of the new variable system of remuneration



The new system of remuneration has been established on the basis of, performance-based parameters as well as on the relative share price performance aimed at securing the success of the company. The variable remuneration components will continue to be calculated primarily on a long-term basis. In the interests of reducing the complexity of the system of remuneration, the share option plan in place to date will be replaced with a performance cash plan. The introduction of Share Ownership Guidelines (SOGs) will effectively reinforce the company's capital markets orientation, while fostering synchronized interests between Deutsche Wohnen's shareholders and its Management Board.

Variable short-term remuneration component – short-term incentive (STI)
In the interests of improving the transparency and comprehensibility of the system of remuneration, the performance targets for the STI will be described in the annual report from the financial year 2018 onwards. In addition, the Supervisory Board will in the future waive its rights with regard to the discretionary payment of a portion of the STI.

The assessment basis for the STI will comprise both financial and non-financial performance targets, which will be in line with both the current business strategy and the short-term company targets. They will be agreed upon in the form of a target agreement between the Management Board and the Supervisory Board at the beginning of each financial year. The performance targets defined in the target agreement will be disclosed in advance in the remuneration report, with at least two financial and two non-financial performance targets being determined per financial year, whereby the financial performance targets will always account for a share of 80% of the overall degree of target attainment.

The following financial performance targets apply with regard to the financial year 2018: (i) the adjusted EBITDA excluding earnings from disposals (weighting: 50%), (ii) the cost ratio (the relationship of staff costs and general and administration expenses to in-place rents; weighting: 10%) and (iii) the sales proceeds (weighting: 20%). The target values for the attainment of the financial performance targets are stipulated by the Supervisory Board, having regard to the business plan (budget) for the year in question. A bonus will be paid out where the aggregated results for the three financial performance targets amounts to as much as 125% of the target value in question. No bonus will be paid out where the aggregated degree of target attainment is under 75%.

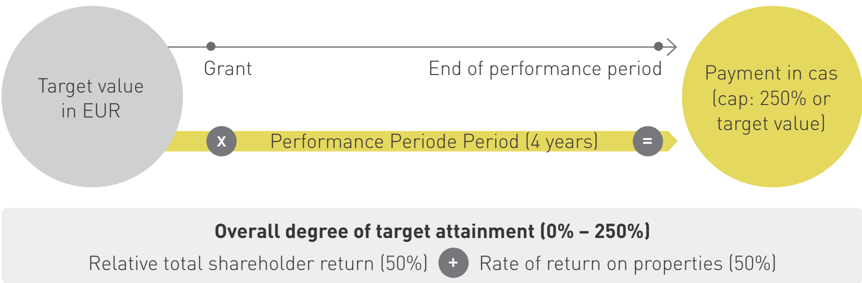
Strategic targets have been defined by way of non-financial targets in relation to the sustainability of the company's investment programme, having regard to the extent of the reduction of CO_2 emissions, the growth in the segment of nursing and assisted living, the expansion of the supply chain as well as the progress made in the „DW 4.0" project, and assigned a weighting of 20% in total. DW 4.0 addresses the necessary means of enhancing Deutsche Wohnen's ability to tap into new and existing, but as yet unused, potential, which involve the adoption of a more customer-focussed approach, a target group-oriented portfolio strategy and intergenerational personnel development measures. As in the case of the financial performance targets, the degree of attainment of the strategic targets may range between 0% and 125%, with 100% target attainment being the target value. As in the case of the financial performance targets, the degree of attainment of the strategic targets and the individual performance targets may range between 0% and 125%, with 100% target attainment being the target value.

The degree of attainment of the financial and non-financial targets is determined upon the expiration of a given financial year, and is published in the remuneration report. The final amount of the annual bonus paid out may not exceed 125% of the target value in question.

Variable long-term remuneration component – long-term incentive (LTI)

In the future, the members of the Management Board will receive variable long-term remuneration in the form of a cash payment as part of a performance cash plan. The new system of remuneration continues to be based on transparent, performance-based parameters aimed at securing the sustainable success of the company. The performance cash plan provides for the limitation of the amount of the LTI to be paid out to a maximum of 250% of the target in question.

Performance cash plan
Mode of Operation

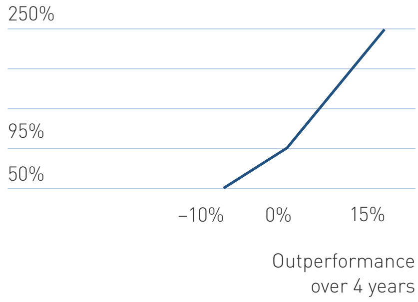


The members of the Management Board will receive a target amount in euros for each tranche of the performance cash plan. This target amount will be multiplied by the applicable degree of target attainment upon the expiration of a four-year performance period. The assessment basis for the determination of the overall degree of target attainment will comprise two equally-weighted performance targets, which are cumulatively combined. Having regard to the relative share price performance and the return on property (EPRA NAV growth and dividend return), the amount of variable long-term remuneration which will be paid out will depend on both an external comparison with the company's competitors and on an evaluation of Deutsche Wohnen's performance.

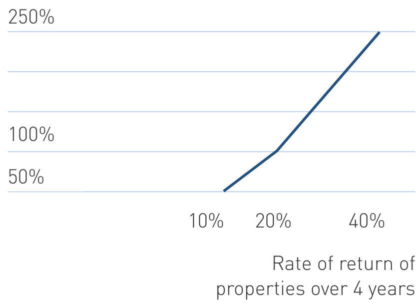
The performance target "relative share price performance" takes account of both general developments on the capital markets and the performance of the company's competitors. During the four-year performance period, the development of the total shareholder return (TSR) on the Deutsche Wohnen share is gauged on the basis of a comparison with the FTSE EPRA/NAREIT Germany index, with the extent of any outperformance being calculated as the difference between the development of the TSR on the Deutsche Wohnen share and that of the reference group. The arithmetical mean of the closing prices for the last 30 trading days prior to the commencement of the performance period is taken as the initial share price for the Deutsche Wohnen share and the FTSE EPRA/NAREIT Germany index, with the arithmetical mean of the closing prices for the last 30 trading days prior to the expiration of the performance period being taken as the final share price. Dividends paid out over the course of the years in question will be offset, on the assumption that the amounts will be reinvested, in the calculation of the relative share price performance. The scale which will apply to the performance target "relative share price performance" over the four-year performance period is as follows:

- Where the extent of the outperformance of the Deutsche Wohnen share as compared to the FTSE EPRA/NAREIT Germany index is –10%, this will constitute a degree of target attainment of 50%; where the extent of the outperformance is less than –10%, this will constitute a degree of target attainment of 0%.
- Where the development of the TSR on the Deutsche Wohnen share is the same as that for the reference group, this will constitute a degree of target attainment of 95%. The target value of 100% will therefore be achieved only in the case of a positive outperformance as compared to the reference group.
- The maximum degree of target attainment of 250% being achieved where the extent of the outperformance is upwards of +15%.
- Degrees of target attainment falling between the various threshold values will be subjected to linear interpolation.

Relative share price performance
Degree of target attainment



Rate of return of properties
Degree of target attainment



The performance target "return on property" serves as an incentive for the Management Board to increase Deutsche Wohnen's net asset value, and the amount of the dividends paid out to its shareholders, over the long term. In this context, the EPRA NAV per share (adjusted for goodwill) at the beginning of the performance period is compared to the corresponding value at the end of the performance period in percentage amounts. This value is added to the total annual dividend return, which reflects the ratio of the individual annual dividend to the EPRA NAV per share calculated for the previous year. The scale which will apply to the performance target "return on property" over the four-year performance period is as follows:

- Where the return on property is 10%, this will constitute a degree of target attainment of 50%; where the return on property is less than 10%, this will constitute a degree of target attainment of 0%.
- The target value of 100% will be achieved where the return on property amounts to upwards of 20%,
- The maximum degree of target attainment of 250% being achieved in the case of a return on property in the amount of 40%.
- Degrees of target attainment falling between the various threshold values will be subjected to linear interpolation.

The degree of attainment of the two performance targets is determined upon the expiration of the four-year performance period and is published in the remuneration report. The final amount of paid out per tranche may not exceed 250% of the target value originally awarded.

Introduction of Share Ownership Guidelines (SOGs)

Share Ownership Guidelines (SOGs) will be introduced from the financial year 2018 with a view to reinforcing Deutsche Wohnen's capital markets orientation and equity culture. The members of the Management Board of Deutsche Wohnen have undertaken to invest 300% (Chief Executive Officer) or 150% (ordinary members of the Management Board) of their basic remuneration in Deutsche Wohnen shares over a period of four years and to hold these until the expiration of their term of office as Board members. To this end, each member of the Management Board of Deutsche Wohnen has undertaken to meet interim targets with regard to shareholdings over the course of an acquisition period ending on 31 December 2021. Accordingly, their total shareholdings (including already held shares) at the end of each financial year should be commensurate with at least 25% of the total amount of the STI remuneration (net salary) paid out after 1 January 2018.

Total remuneration paid to the members of the Management Board

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

	Michael Zahn Chief Executive Officer Since 01/09/2007				Lars Wittan Member of the Management Board Since 01/10/2011				Philip Grosse Member of the Management Board Since 01/09/2016			
in EUR k	2016	**2017**	2017 (Min.)	2017 (Max.)	2016	**2017**	2017 (Min.)	2017 (Max.)	2016	**2017**	2017 (Min.)	2017 (Max.)
Fixed remuneration	825	975	975	975	376	432	432	432	108	323	323	323
Supplementary payments	34	34	34	34	24	24	24	24	6	18	18	18
Total fixed remuneration	**859**	**1,009**	**1,009**	**1,009**	**400**	**456**	**456**	**456**	**114**	**341**	**341**	**341**
Short-term variable remuneration	500	500	0	625	240	300	0	375	58	175	0	219
Long-term variable remuneration (SOP)	750	750	0	1,125	260	400	0	600	75	225	0	338
Total variable remuneration	**1,250**	**1,250**	**0**	**1,750**	**500**	**700**	**0**	**975**	**133**	**400**	**0**	**557**
Total	**2,109**	**2,259**	**1,009**	**2,759**	**900**	**1,156**	**456**	**1,431**	**247**	**741**	**341**	**898**

Upper limit relates to the degree of target attainment with regard to the three parameters and not to the performance of the share price

The members of the Management Board as well as the internal positions held by the Supervisory Board members have received the following amounts in return for their work in this capacity:

	Michael Zahn Chief Executive Officer Since 01/09/2007		Lars Wittan Member of the Management Board Since 01/10/2011		Philip Grosse Member of the Management Board Since 01/09/2016	
in EUR k	2016	**2017**	2016	**2017**	2016	**2017**
Fixed remuneration	825	975	376	432	108	323
Supplementary payments	34	34	24	24	6	18
Total fixed remuneration	**859**	**1,009**	**400**	**456**	**114**	**341**
Short-term incentive	773	744	374	360	0	73
Short-term character	625	625	300	300	0	73
Long-term character	148	119	74	60	0	0
Long Term Incentive	450	450	300	300	0	0
Total variable remuneration	**1,223**	**1,194**	**674**	**660**	**0**	**73**
Total	**2,082**	**2,203**	**1,074**	**1,116**	**114**	**414**

Given that Mr Philip Grosse was appointed a member of the Management Board with effect as at 1 September 2016, he was only paid partial amounts of remuneration for his work in this capacity with respect to 2016.

No loans or advances were granted to members of the Management Board of Deutsche Wohnen SE in the financial year 2017.

The following share options on basis of the existing share options program [AOP] 2014 have been granted to date:

	Michael Zahn				Lars Wittan				Philip Grosse			
in EUR k	2014	2015	2016	**2017**	2014	2015	2016	**2017**	2014	2015	2016	**2017**
Basis: 150% of the LTI in EUR k	1,125	1,125	1,125	1,125	390	390	390	600	n/a	n/a	112	337
Reference price in EUR	16.96	24.16	24.37	31.80	16.96	24.16	24.37	31.80	n/a	n/a	28.57	31.80
Options granted	66,332	46,565	46,163	35,377	22,995	16,142	16,003	18,867	n/a	n/a	3.937	10,613
Total share options				**194,437**				**74,007**				**14,550**

The number of exercisable share options per tranche will conclusively be determined upon the expiration of the four years waiting period and in accordance with the degree of the satisfaction of the above-mentioned criteria. The exercise period is three years, the exercise price is EUR 1.00.

The total expenditure of the share-based remuneration described in the report period, is for Mr Michael Zahn EURk 768, for Mr Lars Wittan EURk 389 and Mr Philip Grosse EURk 208.

In addition to their respective share options, Mr Michael Zahn holds 26,389, Mr Lars Wittan 11,104 and Mr Philip Grosse 11,000 shares in the company.

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

	Michael Zahn		Lars Wittan		Philip Grosse	
Options						
Degree of target attainment in %	75	150	75	150	75	150
Share options granted 2014 – 2017	97,220	194,437	37,005	74,007	7,275	14,550
Issued share capital		26,389		11,104		11,000
Total	**123,609**	**220,826**	**48,109**	**85,111**	**18,275**	**25,550**
Xetra closing price for the share in 2017 in EUR		36.46		36.46		36.46
Value of the shares and options for accounting purposes as of 31/12/2017[1] (EUR k)	4,507	8,051	1,754	3,103	666	932
In relation to amount of fixed remuneration for 2017	446	876	306	618	106	188

1 Reported for illustrative purposes with regard to the Xetra closing price for the share in 2017

System of remuneration for members of the Supervisory Board

Each member of the Supervisory Board receives a fixed remuneration of EUR 75,000; the Chairman of the Supervisory Board receives three times 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 15,000 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 is paid in the amount of EUR 5,000 per member, committee and financial year, with the Chairman receiving double that amount in each case. Including the remuneration of the members of the Supervisory board and comparable supervisory committees of the Group, the total amount of any remuneration per member of the Supervisory board – regardless of the number of memberships in a committee or functions – must not exceed an amount of EUR 300,000 (excluding the turnover tax thereby incurred) per year.

The Supervisory Board remuneration for the financial year 2017 amounted to EUR 738,750 (previous year: EUR 543,000), net of value added tax. Mr Uwe E. Flach received EUR 270,000 net (previous year: EUR 148,000), Dr. Andreas Kretschmer received EUR 152,500 net (previous year: EUR 123,000), Mr Wolfgang Clement received EUR 40,000 (previous year: EUR 68,000; ceased to be a member of the Supervisory Board with effect as at 2 June 2017), Mr Jürgen Fenk received EUR 18,750 (member of the Supervisory Board since 1 October 2017), Mr Matthias Hünlein received EUR 80,000 net (previous year: EUR 65,000), Dr. Florian Stetter received EUR 95,000 net (previous year: EUR 75,000), and Mr Claus Wisser received EUR 82,500 net (previous year: EUR 65,000).

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 liability insurance on behalf of the members of the Supervisory Board (so-called D&O insurance), with a retention amount 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.

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

Takeover-related information pursuant

to section 289a and section 315a of the German Commercial Code (HGB)

Issued capital and shares

The registered share capital of Deutsche Wohnen SE as at 31 December 2017 amounted to EUR 354,666,078.00 (previous year: EUR 337,480,450.00). It is divided into 354,666,078 no-par value bearer shares, each representing a notional share of the registered capital of EUR 1.00 per share. Deutsche Wohnen SE issues bearer shares only.

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 [Aktiengesetz – AktG], in particular sections 12, 53a ff., 118 ff. and 186. There are no shares with special rights conferring powers of control.

Capital increase

On 21 February 2017, the company's Management Board, with the consent of the Supervisory Board, resolved upon a capital increase out of authorised capital in return for cash contributions and to the exclusion of the subscription rights of the shareholders of Deutsche Wohnen. On 23 February 2017, 17,174,110 new no-par value bearer shares with dividend rights from 1 January 2016 onwards were issued.

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

Pursuant to section 33(1) of the German Securities Trading Act [Wertpapierhandelsgesetz – WpHG], any shareholder whose shareholding reaches, exceeds or falls below 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 – BaFin] accordingly without delay. Any such notifications are published by Deutsche Wohnen SE pursuant to section 40 of the German Securities Trading Act (WpHG). There is no knowledge of direct or indirect shareholdings in the capital reaching the threshold of 10% of the voting rights.

Power of the Management Board to issue or buy back shares

Authorised Capital

By resolution of the Annual General Meeting held on 2 June 2017, which was entered into the commercial register on 22 June 2017, the Management Board has been authorised to increase the company's registered capital, with the consent of the Supervisory Board, by up to EUR 110 million once or several times during the period until 1 June 2020 by means of the issuance of up to 110 million new ordinary bearer shares against cash contributions and/or contributions in kind **(Authorised Capital 2017)**. Shareholders are to be granted subscription rights in principle with 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 detailed provisions 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 the company 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 abovementioned 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 the 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 the company 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 aforementioned 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.

Both the Contingent Capital 2013/I and the Contingent Capital 2014/I became irrelevant because of the repurchase and subsequent deletion of the convertible bonds, for which they were intended.

The issued capital of the company was originally contingently increased by up to a further EUR 15 million by means of the issuance of up to 15 million new no-par value bearer shares with dividend rights pursuant to a resolution adopted by the Annual General Meeting held on 11 June 2014 (Contingent Capital 2014/II). This contingent capital increase is dedicated to 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 control agreement between the company and GSW dated 30 April 2014, currently at the exchange ratio of 7.0790 no-par value shares of Deutsche Wohnen SE in exchange for three no-par value shares of GSW Immobilien AG, as adjusted on 4 June 2015 in accordance with section 5(4) of the control agreement. To the extent that this is necessary pursuant to section 5(2) of the control agreement, the company will pay compensation for fractional shares in cash. EUR 9,108,705.00 of this contingent capital 2014/II had been used – by means of the issuance of 9,108,705 new no-par value bearer shares with a corresponding increase in the issued capital – by 31 December 2017, with EUR 5,891,295.00 remaining as at 31 December 2017. An Appraisal Proceeding pursuant to section 1(1) of the German Act on Appraisal Proceedings [Gesetz über das gesellschaftsrechtliche Spruchverfahren – SpruchG], for a review of the appropriateness of the settlement offer and the compensation is pending with the district court of Berlin due to corresponding motions brought forward by individual shareholders of GSW. Therefore, GSW shareholders may, pursuant to section 305(4), sentence 3 of the German Stock Corporation Act [AktG], exchange their GSW shares for Deutsche Wohnen shares in accordance with the terms of the offer, the judgment in the shareholder action or an amicable settlement reached in this connection, within two months of the publication in the German Federal Gazette of the final judgment in the shareholder action. Should a court order or the terms of an amicable settlement result in the stipulation of a larger amount of compensation or a larger settlement, external shareholders of GSW may, to the extent permitted by the relevant statutory provisions, be able to demand supplementation of their settlement or compensation payments. 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 grant its own shares for the purpose of upholding these subscription rights. Any new shares issued as a result of the exercise of share options will – to the extent legally and effectively permissible – 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. Alternatively, the new shares will be entitled to dividends as of the financial year in which they accrue.

The Contingent Capital 2015/I in the amount of EUR 50 million serves the issuance of shares to the owners of convertible bonds with a total nominal value of EUR 800 million issued by the company on 27 February 2017 pursuant to the authorisation of the Annual General Meeting of 12 June 2015. It will only be exercised insofar as conversion rights arising out of the aforementioned 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 adopted by the Annual General Meeting held on 2 June 2017 additionally authorised the contingent increase of the issued capital by up to a further EUR 67 million by means of the issuance of up to 67 million new no-par value bearer shares (contingent capital 2017/I). The contingent capital increase is dedicated to the issuance of shares to the owners or creditors of convertible bonds or bonds with warrants, profit participation rights and/or profit-sharing bonds (or a combination of these instruments), which are issued before 1 June 2022 by the Company, or companies which are controlled or majority owned by the Company, on the basis of the authorising resolution adopted by the Annual General Meeting held on 2 June 2017. The resolution adopted at the Annual General Meeting held on 2 June 2017 authorised the Management 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 3.0 billion, and to grant the creditors thereof conversion or option rights for the Company's shares representing a share of the issued capital of up to EUR 70 million. The Company made partial use of this option by issuing a convertible bond with a total nominal amount of EUR 800 million on 4 October 2017. The share issue will only be exercised insofar as conversion rights arising out of the convertible bonds are exercised, or insofar as conversion obligations arising out of the bonds are fulfilled, and own shares, shares issued out of authorised capital or other benefits are not used to service the obligations.

Acquisition of own shares

The acquisition of own shares is authorised pursuant to section 71 ff. 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 (agenda item 14). The Management Board is author-ised, with the consent of the Supervisory Board and subject to compliance with the principle of equal treatment of shareholders under section 53a of the German Stock Corporation Act (AktG) to purchase and use the company's own shares to 10 June 2019 up to a total amount 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 section 71a ff. of the 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 purpose 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 by the Supervisory Board pursuant to Articles 9 (1) and 39 (1) (Regulation (EC) No 2157/2001) and sections 84 and 85 of the German Stock Corporation Act [AktG]. The Supervisory Board of Deutsche Wohnen SE 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 SE additionally stipulate in clause 8 (1) and (2) that the Management Board has to consist of at least two members and 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 Board.

According to section 59(SE-VO) of the German Stock Corporation Act [AktG], the Annual General Meeting decides generally on changes to the Articles of Association. Pursuant to Article 59 of Regulation (EC) No 2157/2001, the Annual General Meeting fundamentally decides on amendments to the Articles of Association. Pursuant to section 14 (3) sentence 2 of the Articles of Association, amendments to the Articles of Association require a majority of two-thirds of the votes cast, unless mandatory statutory provisions require a different majority, or, if at least half of the share capital is represented, a simple majority of the votes cast. Pursuant to section 179 (1) sentence 2 of the Stock Corporation Act in conjunction with section 14(5) of the Articles of Association, the Supervisory Board is authorised to make changes to the Articles of Association which merely affect the wording thereof.

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

The material agreements of Deutsche Wohnen SE and its Group companies which are subject to a change in control primarily relate to financial 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 an impact on bonds, especially convertible bonds issued by Deutsche Wohnen SE, corporate bonds, exisiting credit lines and credit contracts, which are concluded by group companies and banks. 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 premature termination of their employment due to a change in control of the company, the members of the Management Board will receive benefits in accordance with the requirements of section 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 section 289a of the German commercial code [HGB] on our website http://ir.deutsche-wohnen.com.

Berlin, 8 March 2018

Michael Zahn Chairman of the Management Board	Lars Wittan Deputy Chairman of the Management Board	Philip Grosse Member of the Management Board

Non-financial report

Deutsche Wohnen SE is publishing a Consolidated Non-Financial Statement for the financial year 2017 in accordance with section 315b ff. of German Commercial Code [HGB] pursuant to the German Act Implementing the CSR Directive [CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG]. This Statement addresses those material, non-financial matters which have been identified as being of relevance to the business activities of Deutsche Wohnen and as having a significant impact on the environment, the company's employees, social issues human rights and the problem of corruption and bribery. This Statement was prepared in line with the standards of the Global Reporting Initiative. The reported key figures are self-defined indicators of performance.

Further measures and activities undertaken by Deutsche Wohnen SE in connection with its sustainability management programme are described in the Consolidated Management Report. References can be found in the corresponding sections of this Non-Financial Statement. With regard to the risks to which the company is exposed and our management of those risks, we also refer to the Risk and Opportunity Report on page 36 of the Combined Management Report.

The Non-Financial Statement has been subjected to a voluntary audit with limited security by the accounting firm KPMG AG. Further information on the sustainability-related activities of Deutsche Wohnen SE is contained in the comprehensive Sustain ability Report, which is planned for publication in June 2018 at https://www.deutsche-wohnen.com/html/en/sustainability.php, and will be prepared in accordance with the GRI Standards (Core option).

References to more detailed information beyond the Combined Management Report and the Non-Financial Statement are not part of the audit.

Business model

Deutsche Wohnen is one of the leading publicly listed real estate companies within Germany and Europe. Its property holdings comprise more than 163,000 residential and commercial units, with a total value of approximately EUR 19.6 billion[1]. Its holdings also include nursing facilities with approximately 6,700 beds and assisted living apartments. Further information on the company's business model can be found in the section entitled Fundamentals of the Group on page 1 of the Consolidated Management Report.

The sustainability strategy of Deutsche Wohnen

As a sustainably managed company, Deutsche Wohnen assumes responsibility for environmental and social issues and for its employees. We believe that sustainable action will secure our company's future viability and is also in the interest of our stakeholders.

Our approach to the issue of sustainability is focussed on striking a balance between cost-effectiveness, on the one hand, and energy efficiency and housing quality, on the other hand, as prerequisites for the sustained growth of our company. To this end, we strive to maintain a corporate culture – the essential cornerstones of which are authenticity, transparency and ethical business practices. This approach to sustainability, as an element of our overall Group strategy, is also reflected in our day-to-day workflows.

Since as early as 2013, we have been reporting on our activities in connection with sustainable development and on economic, ecological and social indicators in accordance with the globally recognised GRI guidelines. Furthermore, we have committed ourselves to upholding the German Sustainability Code [Deutscher Nachhaltigkeitskodex – DNK] and are in compliance with its supplementary requirements, which specifically apply to the housing industry.

1 Without deposits that were made, units under constructions and undeveloped real estate

Regular and transparent interaction with our stakeholders is of great importance for our company and, in particular, for the further development of our sustainability strategy. Our major stakeholders comprise our employees, investors and analysts, customers, business partners, politicians, trade associations and the media.

Drafting of the Non-Financial Statement

In order to prepare the Non-Financial Statement, we initiated an internal process last year aimed at identifying the material topics in accordance with the CSR-RUG. On the basis of the GRI Standards, Deutsche Wohnen assessed the impact of its activities on the sustainability issues specified in the legislation and evaluated their relevance to understanding the business development and results of the company. This was done in internal workshops attended by members of the relevant specialist departments and the Management Board.

The following reports address the seven material topics identified in this manner – combatting corruption, energy, materials, land degradation, contamination and remediation, employment, local communities and human rights. These topics are analogous to the factors stipulated in the CSR-RUG. The order in which these factors are addressed is based on the relevance of the impact of the activities of Deutsche Wohnen on the business environment as a whole, including the value creation chain.

Combatting corruption and bribery

Deutsche Wohnen's holdings are located in attractive metropolitan areas and conurbations which are subject to high demand for housing. Employees who have some influence over the allocation of residential units may, therefore, find themselves the targets of bribery attempts. The same may be the case when it comes to awarding contracts for maintenance, modernization and new construction. Given that any cases involving corruption and bribery would expose Deutsche Wohnen to considerable reputational risk, the company has implemented clear anti-corruption rules which form a central element of its compliance management activities.

Deutsche Wohnen places great value on compliance with legal provisions and the standards of the German Corporate Governance Code, and on the fair treatment of business partners and competitors, with the Group's executives, the Internal Revision and Compliance Officer, in particular, being responsible for ensuring such compliance. The Compliance Officer informs the management, employees and business partners about the relevant provisions of capital markets legislation and the consequences of any infringement of those regulations, while also acting as a point of contact for employees and answering any questions they may have. Individuals have the option of reporting cases of suspected non-compliance on an anonymous basis, if they so wish.

As part of the risk management system in place at Deutsche Wohnen, all of its business divisions and processes are subject to both regular and event-based review by way of a risk inventory, which addresses not only compliance risks but also corruption-related risk (see page 36 of the Risk and Opportunity Report).

Our Code of Conduct, which prescribes and defines dealings that are in compliance with the law, applies to all employees throughout the company. In addition, our anti-corruption guidelines expressly prohibit corruption as well as any attempts to unlawfully influence business partners by according them preferential treatment, giving them gifts or granting them other benefits. All employees confirm in writing that they have received a copy of the Code and Conduct when they start working for the company.

In addition, managers are required to ensure that their employees are aware of the need for compliance with these regulations, and an e-learning programme is available for ongoing training purposes. The award of contracts is subject to a company-wide set of rules that specify signatories depending on the value of the individual contract. In each case, a second signature and a plausibility check are required as part of a system of dual control (the "four eyes" principle).

Performance indicator	
Cases of corruption in 2017	0

Environmental concerns

Deutsche Wohnen's major environmental concerns relate to energy, materials and the handling of site contamination. Responsibility for Deutsche Wohnen's environmental management activities lies with its Management Board.

Energy

The Paris Agreement sets clear targets for the reduction of energy consumption and the lowering of CO_2 emissions. So, the construction industry, including companies such as Deutsche Wohnen, must now play its part in achieving these goals. We are, therefore, focusing on championing the use of renewable energy and on improving the energy efficiency of our holdings. Our to some extent sizeable investments in the implementation of energy efficiency measures are generally having an adverse impact on our business results, at least in the short term. This demonstrates, among other things, the interdependency of economic and ecological factors, a reality which has to be reflected in any measures undertaken.

Energy concept: holdings

Deutsche Wohnen has launched an extensive programme of investment in the maintenance, refurbishment and energy-efficient modernisation of its property holdings, and intends to allocate more than EUR 1 billion to this endeavour until 2022. The measures in question will include, for example, the insulation of facades, basement ceilings and roofing, improvements in the standard of fixtures and fittings in our residential units, the replacement or energy-efficient refurbishment of windows, the renewal of heating systems and the efficient generation of energy or the use of renewable energy. In this way, Deutsche Wohnen is also ensuring its compliance with the requirements of the German Federal Emission Control Act [Bundes-Immissionsschutzgesetz – BImSchG] and the German Energy Saving Ordinance [Energieeinsparverordnung – EnEV]. Further information on these matters can be found in the section entitled "Property portfolio" under the point "energy efficiency of properties" on page 11 of the Combined Management Report.

Performance indicator	
Average energy intensity[2]	133.4 kWh/sqm per year

Energy requirements: tenants

In the housing sector, it is customary for tenants to enter independently into contracts with utility companies for the supply of gas and electricity. Deutsche Wohnen has no direct influence over either the choice of supplier or the energy consumption of its tenants. However, we do endeavour to raise our tenants awareness of ecological considerations. For example, statements of costs based on tenants' actual consumption of resources (heating, hot and cold water) can help to bring about a change in their consumer behaviour. When more complex modernisation measures are carried out, this is achieved by installing heating cost allocators or meters for hot and cold water, which make it possible to measure the specific consumption of individual households. Approximately 90% of the electricity required for entrance and hallway lighting and the operation of technical equipment (communal electricity) in the buildings in our letting portfolio is obtained from hydro-electric power.

Energy concept: new construction

Deutsche Wohnen intends to construct 2,500 new residential units, either within new detached buildings or by way of the construction of additional storeys and attic conversions, by 2022. The total amount to be invested in these measures is just under EUR 550 million. We base our plans for the development of new city districts on established sustainability criteria, having regard to any potential for increasing energy efficiency, among other factors. Accordingly, we investigate possible means of reducing energy requirements and using renewable forms of energy at an early stage, and incorporate these into our urban development plans, for example, with the focal points being the energy standard of the envisaged buildings and the supply of heating and hot water. Deutsche Wohnen, therefore, designs and realises its new builds in accordance with integrated energy concepts. For further information, please see the section entitled "Criteria applicable to new construction projects" on page 65.

2 The weighted average of the final energy audit on the basis of the existing energy performance certificate of properties (the approximately 30,000 listed units are usually not under consideration, because no energy performance certificate is necessary for them).

In-house energy consumption

As part of its energy audit, which was conducted in accordance with DIN EN 16247-1, Deutsche Wohnen has collected extensive data on the energy consumption of its own administrative locations and has verified this data through on-site visits. Potential for energy savings was identified on the basis of an analysis of this data and in turn used to design measures to optimise the flow of energy within the company.

Since 2012, we have been using energy from hydroelectric power to meet most of the total in-house electricity requirements of our administrative locations.

Materials

The materials used by the company also have an impact on the environment, whether in connection with the mining of raw materials, during the production process or when materials are disposed of. Deutsche Wohnen, therefore, takes environmental and health-related factors into account when procuring the materials for its activities. Given that environmentally friendly materials are generally more costly, its decisions in this regard have a direct effect on its business results.

Deutsche Wohnen's consumption of materials relates to three categories: major projects, such as the refurbishment and modernisation of residential units; smaller projects carried out as part of its ongoing maintenance activities; and new construction measures. Given that its projects are carried out by sub-contractors, Deutsche Wohnen is only able to influence the choice of the materials used by imposing specifications. As a rule, all materials used must be in compliance with German legislation and regulations, so they are not harmful to either human health or the environment. Any specifications that are more stringent than this are an additional contribution to environmental protection. Thus, Deutsche Wohnen has largely discontinued its use of styrofoam for insulation purposes in favour of cellulose or mineral wool.

Specifications for system providers

The services provided by our system providers are governed by a standard price list which covers 80% - 90% of the standardised services applicable to tenant turnover and defines the standard quality products – for example, washstands, tiles or taps – which may be selected and installed by the system providers. Another standard price list – containing appropriate quality criteria applicable in the case of frequently recurring maintenance measures with an individual contract value of more than EUR 1,000 – was developed in 2017, with a pilot project being launched for testing purposes. As part of its technical facility management activities, Deutsche Wohnen coordinates its purchases of materials, products and services via the system service provider B&O Deutsche Services GmbH, with the Construction Products Lists of the Deutsches Institut für Bautechnik (DIBt, a centre of competence for construction, serving as quality guidelines in this regard. The acceptance of the performance of the services in question is subject to a process of quality assurance, which ensures that the stipulated specifications are complied with.

Criteria applicable to new construction projects

Deutsche Wohnen conducts its new construction activities in accordance with established sustainability criteria, such as the German Assessment System for Sustainable Development [Bewertungssystem Nachhaltiges Bauen – BNB] or the standards of the German Sustainable Building Council [Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB]. New construction projects are monitored by an agency for sustainable building certification, which provides the advice, concepts and measurements which are necessary for DGNB certification. The agency also coordinates the planning and construction documentation and incorporates specifications for the use of sustainable materials into the contracts concluded with suppliers.

Only those materials which exhibit recognised health and environmental safety credentials with regard to their extraction, transportation, processing, use and disposal may be used for construction measures. To some extent, construction materials which are certified in accordance with the Cradle to Cradle® concept are also used. Responsibility for compliance and quality assurance lies with the architects commissioned to work on the projects in question.

Handling of site contamination

The majority of the residential units in the portfolio of Deutsche Wohnen were not actually constructed by the company itself. Some of these buildings were constructed using materials which at the time were deemed to be modern from a technical standpoint but would now be considered to be harmful were they to be released into the environment. Even though their effects on human health and the environment would generally be minimal, these materials should be replaced in good time before they come into contact with surrounding areas. Furthermore, any accident involving hazardous materials would be damaging to the company's reputation and could result in claims for compensation.

The handling of hazardous construction materials is subject to strict regulation in the form of guidelines and legislation. When replacing and disposing of asbestos and other hazardous waste, Deutsche Wohnen adheres to the Technical Rules for Hazardous Substances [Technische Regeln für Gefahrstoffe – TRGS], which are part of the Technical Building Rules [Technische Baubestimmungen]. Any construction materials containing asbestos or other hazardous substances which are present in existing buildings are replaced with suitable materials, and the contaminated materials are disposed of in the prescribed manner, in order to avoid any injury to individuals or damage to the environment.

In the case of modernisation or maintenance work or new construction projects, we treat the ground soil of the relevant plots of land with due care. Land for new builds is carefully examined for any evidence of contamination and treated in accordance with the applicable statutory requirements pursuant to the German Federal Soil Protection Act [Bundes-Bodenschutzgesetzes – BBodSchG].

Employee-related concerns

Deutsche Wohnen's highly qualified and motivated workforce is a crucial element in the realisation and maintenance of its successful growth trajectory, with the result that the recruitment and retention of such employees is of critical importance for the company. We strive to be a good employer, offering our employees and junior staff attractive prospects for personal development and career advancement, ensuring they receive fair remuneration and enabling them to maintain a good work-life balance. Particular emphasis is placed on the provision of professional training and continuing education opportunities. We design our personnel management measures having regard to these considerations and the outcome of the employee appraisal interviews held on an annual basis. This enables us to avoid incurring costs resulting from possible staff turnover and to counter any threat to the successful implementation of our corporate strategy.

In 2011, we adopted a Code of Conduct which is binding on all our employees and executives and which is intended to encourage them to interact with each other and with third parties in a manner based on trust and mutual respect.

Personnel development

The Human Resources management department deploys structured employee development and talent management measures to assist employees in discovering their individual strengths. The employee surveys, which are conducted every two years, the employee appraisal interviews, which have been held on an annual basis since 2015, and the system of 360° feedback for managers provide us with an important insight into the abilities and needs of our employees, enabling Deutsche Wohnen to fill key positions from within its own ranks and to foster employee loyalty among top-performing members of its workforce on a long-term basis.

Performance indicator	
Degree of attainment: performance reviews[3]	94%

We develop suitable junior employees in the course of our superior staff training, trainee and talent management programme and dual courses of studies, while our internal staff development programme ensures that we are able to offer our employees group-specific and needs-oriented training sessions.

Fair remuneration

The performance-based and market-aligned system of remuneration introduced in 2014 imposes uniform and gender-equitable standards and therefore increases the level of satisfaction among our employees as a whole. Such a system of remuneration in accordance with transparent rules ensures that employees in comparable positions receive the same amount of remuneration. We have defined four salary levels on the basis of both a market comparison for all of the positions within the individual Deutsche Wohnen companies and wage agreements applicable in the industry. Employees are allocated to one of these levels in accordance with their job description and their qualifications.

Work-life balance and additional benefits

Deutsche Wohnen offers various options for working on a part-time or flexi-time basis, or even from home, with a view to enabling its employees to achieve a greater work-life balance. The company also strives to create a healthy working environmental through its occupational health management programme, offering its employees benefits such as health awareness days, cost-free massages, fruit baskets or participation in sporting events. Deutsche Wohnen's positive performance as an employer has been recognised in the form of a number of awards. These include its certification as a "Fair Company" as part of the identically named initiative of karriere.de, the seal of "Training Excellence" ["Exzellente Ausbildungsqualität"] awarded by the Chamber of Commerce and Industry [Industrie- und Handelskammer – IHK] and being named one of the "Best Training Providers in Germany" ["Beste Ausbilder Deutschlands"] and "Best Providers of Dual Course of Study Options" ["Beste Ausbilder Duales Studium"] by Capital magazine. Further information can be found in the section entitled "Employees" on page 29 of the Combined Management Report.

Social concerns

Contemporary living standards and an intact infrastructure are not only important for the wellbeing of each and every individual but also contribute to maintaining a positive social climate generally. Given that it is one of the leading real estate companies in Germany, Deutsche Wohnen's activities have a considerable impact on society as a whole.

Deutsche Wohnen ensures the high quality and attractiveness of its holdings through continual investments in maintenance and modernisation, and takes care to foster strong tenant communities which facilitate the stable development of its residential districts. Combined with dedicated administrative measures and fast processing times in our service offices, this enables us to maintain a low vacancy rate on a sustained basis, and thus to address any cost and reputational risks.

Design of residential districts

The impact of the design of our housing estates also extends to the surrounding districts. The majority of our buildings are surrounded by open, green spaces which are maintained by Deutsche Wohnen in the interests of providing areas for relaxation and the improvement of air quality. Other measures implemented with a view to creating an attractive living environment include the "greening" of building facades and the construction of playgrounds. In addition, we strive to achieve a diverse social mix within our districts and greater integration of marginal groups.

In the past few years, the nursing facilities in our Nursing and Assisted Living segment have developed into social and societal centres of activity, offering a wide variety of cultural events and in-house restaurants. These are open to both residents of the nursing homes and outside guests.

3 All employees who have been at Deutsche Wohnen in 2017 longer than six month, excluding minor employees.

Dialogue with tenants

Deutsche Wohnen informs its tenants at an early stage of any planned refurbishment, maintenance or modernisation measures, for example in the form of tenants' meetings, tenant consultations or personal visits. Our customers can reach us first and foremost at our Service Points on site or at our central Service Points. We strive to achieve a greater exchange of information, as well as greater tenant participation in our decision-making processes, having already successfully tested measures to secure tenant involvement in such matters as choosing the colour for the building facades.

Customer satisfaction

Given the rising demand for accommodation, particularly in metropolitan areas, affordable housing has become an important subject of public debate. Deutsche Wohnen carefully balances the interests of its tenants against those of its investors and the municipalities in which its properties are located with a view to achieve a fair outcome in all cases. Deutsche Wohnen takes cases of financial and social hardship into account and adjusts the amounts that it passes on to tenants for modernisation measures on an individual case basis. We place great value on securing long-term tenancies and on achieving a high level of customer satisfaction. To this end, we conducted a survey of all our tenants in 2017, an exercise which we intend to repeat at regular intervals in the future, as a means of obtaining ideas for specific improvements aimed at raising the overall level of satisfaction.

Performance indicator	
Tenant Satisfaction with housing situation	81%

Commitment to social causes

Furthermore, through a continuous exchange of information and ideas and its collaboration with residents, politicians and social agencies, Deutsche Wohnen helps to provide attractive living conditions within urban areas and to bring about a strengthening of social structures. Its activities in the area of social commitment relate particularly to those areas in which its core capabilities can most effectively be put to use. Accordingly, these activities consist, in particular, of measures in which the issue of housing plays an important role. For example, we rent out commercial space to social organisations within our residential districts at favourable rates, provide financial support to enable the hiring of social workers and allocate residential units to socially disadvantaged individuals. Since 2015, we have been working closely with local authorities and social initiatives on the integration of refugees, donating to initiatives which have a positive impact on the communities in our housing estates and contribute to the ongoing, successful interaction of all residents.

Avoidance of human rights abuses

Deutsche Wohnen operates solely in Germany – as do its direct suppliers. In essence, human rights abuses can be precluded by the observance of national laws. These laws include, amongst other things, a ban on child labour and forced labour, a ban on discrimination and the right to freedom of association and collective negotiations.

To guarantee human rights is self-evident for us and is an integral part of our corporate culture. Deutsche Wohnen promotes diversity and does not tolerate any discrimination of staff on the basis of gender, age, origin, disability or sexual orientation, or for any other reason.

Berlin, 08th March 2018

Michael Zahn Chairman of the Management Board	Lars Wittan Deputy chairman of the Management Board	Philip Grosse Member of the Management Board

Limited Assurance Report of the Independent Auditor regarding the Separate Non-Financial Group Statement[1]

To the Supervisory Board of Deutsche Wohnen SE, Berlin

We have performed an independent limited assurance engagement on the Separate Non-Financial Group Statement (hereinafter "Statement") of Deutsche Wohnen SE and the Group (hereinafter "Deutsche Wohnen") according to Sections 315b HGB (German Commercial Code) for the business year from January 1 to December 31, 2017.

Management's Responsibility

The legal representatives of the entity are responsible for the preparation of the Statement in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Statement and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, this responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Statement in a way that is free of – intended or unintended – material misstatements.

Independence and Quality Assurance on the Part of the Auditing Firm

We are independent from the entity in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the national statutory provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion on the Statement based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance of whether any matters have come to our attention that cause us to believe that the Statement of the entity has not been prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB. We do not, however, provide a separate conclusion for each disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

1 Our engagement applied to the German version of the Statement. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

Within the scope of our engagement, we performed amongst others the following procedures:

- Inquiries of personnel on the corporate level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of Deutsche Wohnen
- A risk analysis, including a media search, to identify relevant information on Deutsche Wohnen's sustainability performance in the reporting period
- Evaluation of the design and implementation of the systems and processes for determining, processing and monitoring of disclosures relating to environmental, employee and social matters, respect for human rights, and combating corruption and bribery, including the consolidation of the data
- Inquiries of personnel on the corporate level who are responsible for determining disclosures on concepts, due diligence processes, results and risks, for conducting internal controls and consolidation of the disclosures
- Evaluation of selected internal and external documentation
- Analytical evaluation of data and trends of quantitative disclosures
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data
- Assessment of the overall presentation of the disclosures

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Statement of Deutsche Wohnen, for the business year from January 1 to December 31, 2017, is not prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB.

Restriction of Use/Clause on General Engagement Terms

This assurance report is issued for the purposes of the Supervisory Board of Deutsche Wohnen SE, Berlin, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of Deutsche Wohnen SE, Berlin, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Berlin, 07 March 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft
Original German version signed by:

Laue	ppa. Scholz
Wirtschaftsprüfer	Prokuristin
[German Public Auditor]	

Balance sheet

as at 31 December 2017

EUR	31/12/2017	31/12/2016
ASSETS		
A. Fixed Assets		
I. Intangible assets		
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	4,287,146.82	4,215,464,08
2. Advance payments	0.00	294,614.37
	4,287,146.82	**4,510,078.45**
II. Property, plant and equipment		
1. Buildings on third party properties	80,018.50	123,664.96
2. Other equipment, furniture and fixtures	4,671,417.22	2,989,140.79
3. Advance payments on property, plant and equipment	131,299.54	0.00
	4,882,735.26	**3,112,805.75**
III. Financial assets		
1. Shares in affiliates	3,110,432,431.07	3,119,385,579.51
2. Loans to affiliates	324,882,671.60	0.00
	3,435,315,102.67	**3,119,385,579.51**
	3,444,484,984.75	**3,127,008,463.71**
B. Current Assets		
I. Receivables and other assets		
1. Receivables from affiliates	4,261,601,825.36	3,606,389,721.50
2. Other assets	5,654,199.05	75,327,646.08
	4,267,256,024.41	**3,681,717,367.58**
II. Cash on hand, bank balances	**336,963,338.24**	**165,192,956.64**
	4,604,219,362.65	**3,846,910,324.22**
C. Prepaid expenses	**3,914,421.66**	**1,371,376.21**
Thereof discounts EUR 3,807,756.66 (previous year: EUR 1,107,806.33)		
	8,052,618,769.06	**6,975,290,164.14**

EUR	31/12/2017	31/12/2016
Equity and Liabilities		
A. Equity		
I. Issued share capital	**354,666,078.00**	**337,480,450.00**
Contingent capital as at 31 December 2017 EUR 135,771,047.00 (previous year: EUR 109,858,279.00)		
II. Capital reserve	**3,125,612,051.41**	**3,489,373,418.62**
III. Revenue reserves		
Reserves required by law	1,022,583.76	1,022,583.76
IV. Balance sheet profit	**331,000,000.00**	**270,825,883.03**
	3,812,300,713.17	**4,098,702,335.41**
B. Provisions		
1. Provisions for pensions and similar obligations	909,577.00	808,537.00
2. Tax provisions	1,252,800.00	1,252,800.00
3. Other provisions	8,976,467.43	10,802,987.12
	11,138,844.43	**12,864,324.12**
C. Liabilities		
1. Bonds	2,434,630,061.38	1,387,176,016.17
Thereof convertible EUR 1,600,000,000.00 (previous year: EUR 650,000,000.00)		
2. Liabilities to banks	5,094.44	1,069.44
3. Trade payables	1,451,070.90	1,385,153.78
4. Liabilities to affiliates	1,792,642,789.74	1,474,351,743.77
5. Other liabilities	450,195.00	809,521.45
Thereof from taxes EUR 396.381,01 (previous year: EUR 779,410.85)		
	4,229,179,211.46	**2,863,723,504.61**
	8,052,618,769.06	**6,975,290,164.14**

Profit and loss statement

for the period from 1 January to 31 December 2017

EUR	2017	2016
1. Revenue	43,029,031.04	31,460,118.90
2. Other operating income	1,058,687.70	1,424,316.12
3. Staff expenses		
a) Wages and salaries	–16,609,851.61	–15,500,216.05
b) Social security and pension contributions		
Pensions and benefits	–2,203,435.26	–1,733,361.81
Thereof for pensions EUR 920,974.92 (previous year: EUR 869,018.71)		
	–18,813,286.87	–17,233,577.86
4. Depreciation,		
amortisation and write-downs of intangible assets and property, plant and equipment	–3,291,022.73	–2,104,976.71
5. Other operating expenses	–56,596,913.63	–32,629,806.29
6. Income from equity investments	6,941,209.49	86,345,871.06
Thereof from affiliates EUR 6,941,209.49 (previous year: EUR 86,345,871.06)		
7. Income from profit transfer agreements	19,324,211.46	37,566,634.93
8. Other interests and similar income	3,092,562.76	0.00
Thereof from affiliates EUR 3,092,562.76 (previous year EUR 0.00)		
9. Other interests and similar income	20,475,266.15	24,164,618.42
Thereof from affiliates EUR 20,420,693.39 (Vorjahr: EUR 23,937,319.92)		
Thereof expenses from discounting EUR 0.00 (previous year: EUR 127,843.00)		
10. Write-downs of financials assets	0.00	–240,000.00
11. Expenses from a loss transfer	–10,400,498.18	–502,897.85
12, Interests and similar expenses	–22,532,457.02	–16,602,499.15
Thereof from affiliates EUR 2,028,037.20 (previous year: EUR 4,454,179.87)		
Thereof expenses from discounting EUR 32,151.00 (previous year: EUR 29,217.00)		
13. Expense from buyback of convertible bonds	–553,268,341.21	0.00
14. Taxes from income	0.70	–1,252,800.00
15. Profit after taxes	**–570,981,550.34**	**110,395,001.57**
16. Other taxes	–5,092.02	–4,072.00
17. Net profit/loss for the year	**–570,986,642.36**	**110,390,929.57**
18. Profit carried-forward	8,376,128.83	42,866,927.26
19. Transfer from capital reserve	893,610,513.53	117,568,026.20
20. Balance sheet profit	**331,000,000.00**	**270,825,883.03**

Notes

for the financial year from 31 December 2017

A. General information on the annual financial statements

Deutsche Wohnen SE, Berlin, is a publicly listed corporation having its registered office in Germany and entered in the commercial register of the district court of Berlin-Charlottenburg under HRB 190322 B (previously: until 31 July 2017 at the district court of Frankfurt am Main under HRB 42388 and until 11 October 2017 under HRB 109171). The change of legal form was entered in the commercial register on 31 July 2017. The change of registered office was entered in the commercial register at the district court of Berlin-Charlottenburg on 11 October 2017.

The annual financial statements were produced in accordance with section 242 ff. and section 264 ff. of the German Commercial Code [Handelsgesetzbuch – HGB], the additional stipulations of the German Stock Corporation Act [Aktiengesetz – AktG] and the regulations and law concerning European stock corporations. 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 profit and loss statement contains the additional item "Expenses from buyback of convertible bonds". The financial year is the calendar year.

B. Accounting polices and valuation methods

The following accounting policies and valuation methods remained the basis for the compilation of the annual financial statements.

1 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).

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 and no expenses as defined by section 255(2) of the German Commercial Code [HGB] were included in production cost.

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.

The key value driver in assessing the value of shares in affiliated companies holding real estate is the fair value of the real estate. If the reasons for a permanent reduction in value no longer exist, the original values are reinstated in accordance with section 253(5) of the German Commercial Code. Loans to affiliated companies are recognised on the balance sheet at their nominal value.

The fair values established for the IFRS consolidated financial statements of Deutsche Wohnen SE, Berlin are used to determine the fair value of the real estate. The fair values were determined as at 31 December 2017 following an internal valuation of the company's residential and commercial properties. In parallel, the residential and commercial properties, as well as the nursing care properties, were valued by CB Richard Ellis GmbH, Frankfurt am Main, in accordance with internationally recognised valuation methods. The overall value was confirmed. The key valuation parameters are rental growth, discounting factor and capitalisation factor.

2 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.

3 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.

4 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.

5 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 annual interest rate of 3.68% p.a. published by the Bundesbank as at 31 December 2017 (previous year: 4.01% p.a.) was applied. A rise in income of 2.50% p.a. (previous year: 2.50% p.a.), an increase in the contribution assessment 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 sentence 2 of section 246(2) of the German Commercial Code [HGB].

6 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.

7 Liabilities

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

8 Share-based remuneration

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

The expenses incurred as a result of the issuance of the share options are valued at the attributable fair value of the granted share options at the time of their granting and calculated using generally recognised option pricing models. The expenses resulting from the issuance of the share 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[1] 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.

1 The company furthermore has a direct shareholding in a joint venture.

Company and registered office	Share	Equity in EUR k	Earnings in EUR k	Reporting date
AGG Auguste-Viktoria-Allee Grundstücks GmbH, Berlin	100.00%[1,4]	25.0	0.0	2017
Algarobo Holding B.V., Baarn, Niederlande	100.00%[1]	14,773.0	1,189.4	2017
Alpha Asset Invest GmbH & Co. KG, Berlin (formerly: DW Asset Invest GmbH & Co. KG, Berlin)	70.00%[1,5]	870.1	–129.9	2017
Amber Dritte VV GmbH, Berlin	94.90%[1,4]	–7,166.1	–896.7	2017
Amber Erste VV GmbH, Berlin	94.90%[1,4]	–10,420.8	–999.8	2017
Amber Zweite VV GmbH, Berlin	94.90%[1,4]	–11,621.3	–1,450.7	2017
Aragon 13. VV GmbH, Berlin	94.90%[1,4]	–6,003.0	–655.9	2017
Aragon 14. VV GmbH, Berlin	94.90%[1,4]	–9,811.2	–2,557.4	2017
Aragon 15. VV GmbH, Berlin	94.90%[1,4]	–5,950.8	–822.6	2017
Aragon 16. VV GmbH, Berlin	94.90%[1,4]	–8,373.9	–829.0	2017
Aufbau-Gesellschaft der GEHAG mit beschränkter Haftung, Berlin	100.00%[1]	7,421.2	527.9	2017
AVUS Immobilien-Treuhand GmbH & Co. KG, Berlin	100.00%[1]	359.6	–10.9	2016
B&O Deutsche Service GmbH, Berlin	49.00%[1]	837.3	608.0	2016
BauBeCon Assets GmbH, Berlin	100.00%[1,4]	46,233.4	1,122.5	2017
BauBeCon BIO GmbH, Berlin	100.00%[1,4]	8,626.5	0.0	2017
BauBeCon Immobilien GmbH, Berlin	100.00%[1,4,6]	431,224.1	29,668.1	2017
BauBeCon Wohnwert GmbH, Berlin	100.00%[1,4]	26,710.2	0.0	2017
Beragon VV GmbH, Berlin	94.90%[1,4]	–9,930.0	–1,970.3	2017
Ceragon VV GmbH, Berlin	94.90%[1,4]	–7,672.9	–433.1	2017
Deutsche KIWI.KI GmbH, Berlin	49.00%[1]	375.1	–4.9	2017
Deutsche Wohnen Asset Immobilien GmbH, Frankfurt/Main	100.00%[1,4]	25.0	0.0	2017
Deutsche Wohnen Berlin 5 GmbH, Berlin (formerly: Draaipunt Holding B.V., Baarn, The Netherlands)	94.90%[1]	6,317.6	1,120.6	2017
Deutsche Wohnen Berlin 6 GmbH, Berlin (formerly: Promontoria Holding V B.V., Amsterdam, The Netherlands)	94.90%[1]	6,428.4	2,842.4	2017
Deutsche Wohnen Berlin 7 GmbH, Berlin (formerly: Promontoria Holding X B.V., Baarn, The Netherlands)	94.90%[1]	1,043.3	–3,685.8	2017
Deutsche Wohnen Berlin I GmbH, Berlin	94.00%[1,4]	1,488.1	0.0	2017
Deutsche Wohnen Berlin II GmbH, Berlin	94.90 %[1,4]	4,809.5	513,4	2017
Deutsche Wohnen Berlin III GmbH, Berlin	94.90%[1,4]	24,705.1	0.0	2017
Deutsche Wohnen Berlin X GmbH, Berlin	94.80%[1,4]	7,691.7	0.0	2017
Deutsche Wohnen Berlin XI GmbH, Berlin	94.80%[1,4]	7,504.6	0.0	2017
Deutsche Wohnen Berlin XII GmbH, Berlin	94.80%[1,4]	1,761.1	0.0	2017
Deutsche Wohnen Berlin XIII GmbH, Berlin	94.80%[1,4]	6,858.4	0.0	2017
Deutsche Wohnen Berlin XIV GmbH, Berlin	94.80%[1,4]	10,666.3	555.2	2017
Deutsche Wohnen Berlin XV GmbH, Berlin	94.80%[1,4]	12,102.0	0.0	2017
Deutsche Wohnen Berlin XVI GmbH, Berlin	94.80%[1,4]	6,596.9	0.0	2017
Deutsche Wohnen Berlin XVII GmbH, Berlin	94.80%[1,4]	5,914.2	0.0	2017
Deutsche Wohnen Berlin XVIII GmbH, Berlin	94.80%[1,4]	3,256.7	0.0	2017
Deutsche Wohnen Beschaffung und Beteiligung GmbH, Berlin (formerly: Deutsche Wohnen Energy GmbH, Berlin)	100.00%[1,4]	25.0	0.0	2017
Deutsche Wohnen Beteiligungen Immobilien GmbH, Frankfurt/Main	100.00%[1,4]	1,025.0	0.0	2017
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin	100.00%[1,5]	19.4	–0.6	2017
Deutsche Wohnen Construction and Facilities GmbH, Berlin	100.00%[4]	275.0	0.0	2017
Deutsche Wohnen Corporate Real Estate GmbH, Berlin	100.00%[4]	25.0	0.0	2017
Deutsche Wohnen Direkt Immobilien GmbH, Frankfurt/Main	100.00%[1]	918,362.3	–1,278.2	2017

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

Company and registered office	Share	Equity in EUR k	Earnings in EUR k	Reporting date
Deutsche Wohnen Dresden I GmbH, Berlin	100.00%[1,4]	5,087.3	0.0	2017
Deutsche Wohnen Dresden II GmbH, Berlin	100.00%[1,4]	3,762.4	309.5	2017
Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin	100.00%[4]	25.0	0.0	2017
Deutsche Wohnen Immobilien Management GmbH, Berlin	100.00%[4]	1,610.0	278.1	2017
Deutsche Wohnen Kiel GmbH, Berlin	94.90%[1,4]	28,682.0	0.0	2017
Deutsche Wohnen Kundenservice GmbH, Berlin	100.00%[1,4]	25.7	0.0	2017
Deutsche Wohnen Management GmbH, Berlin	100.00%[4]	325.0	0.0	2017
Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt/Main	100.00%[4]	325.6	0.0	2017
Deutsche Wohnen Multimedia Netz GmbH, Berlin	100.00%[1,4]	638.0	0.0	2017
Deutsche Wohnen Reisholz GmbH, Berlin	100.00%[1,4]	3,563.5	0.0	2017
Deutsche Wohnen Service Center GmbH, Berlin	100.00%[1,4]	403.9	92.1	2017
Deutsche Wohnen Service Merseburg GmbH, Merseburg	100.00%[1]	510.4	224.4	2017
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin	100.00%[4]	25.2	0.0	2017
DWRE Alpha GmbH, Berlin	100.00%[1,4]	343.8	0.0	2017
DWRE Braunschweig GmbH, Berlin	100.00%[1,4]	16,325.2	0.0	2017
DWRE Dresden GmbH, Berlin	100.00%[1,4]	25.0	0.0	2017
DWRE Erfurt GmbH, Berlin	100.00%[1,4]	880.2	0.0	2017
DWRE Halle GmbH, Berlin	100.00%[1,4]	25.0	0.0	2017
DWRE Hennigsdorf GmbH, Berlin	100.00%[1,4]	1,085.3	0.0	2017
DWRE Leipzig GmbH, Berlin	100.00%[1,4]	25.0	0.0	2017
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung, Berlin	94.90%[1]	11,889.8	0.0	2017
EMD Energie Management Deutschland GmbH, Berlin	100.00%[1]	30,022.8	–2.2	2017
Eragon VV GmbH, Berlin	94.90%[1,4]	–8,841.8	-825.3	2017
FACILITA Berlin GmbH, Berlin	100.00%[1]	4,329.6	353.5	2017
Faragon V V GmbH, Berlin	94.90%[1,4]	–6,901.1	–480.6	2017
Fortimo GmbH, Berlin	100.00%[1,4]	6,127.2	0.0	2017
Funk Schadensmanagement GmbH, Berlin	49.00%[1]	158.8	58.8	2016
G+D Gesellschaft für Energiemanagement mbH, Magdeburg	49.00%[1]	9,507.1	3,182.0	2016
Gartenstadt Potsdam GmbH, Potsdam	100.00%[1]	2,356.4	–103.9	2017
GbR Fernheizung Gropiusstadt, Berlin	45.59%[1]	611.4	–42.6	2017
Gehag Acquisition Co. GmbH, Berlin	100.00%[1]	902,744.1	–23,404.0	2017
GEHAG Beteiligungs GmbH & Co. KG, Berlin	100.00%[1,5]	21,912.1	480.0	2017
GEHAG Dritte Beteiligungs GmbH, Berlin	100.00%[1,4]	378.8	0.0	2017
GEHAG Erste Beteiligungs GmbH, Berlin	100.00%[1,4]	45.0	0.0	2017
GEHAG Erwerbs GmbH & Co. KG, Berlin	99.99%[1,5]	45,904.8	1,146.7	2017
GEHAG GmbH, Berlin	100.00%[1,6]	1,976,437.3	126,981.8	2017
GEHAG Grundbesitz I GmbH, Berlin	100.00%[1,4]	26.0	0.0	2017
GEHAG Grundbesitz II GmbH, Berlin	100.00%[1,4]	25.0	0.0	2017
GEHAG Grundbesitz III GmbH, Berlin	100.00%[1,4]	25.0	34.5	2017
GEHAG Vierte Beteiligung SE, Berlin	100.00%[1,4]	20,220.5	0.0	2017
GEHAG Zweite Beteiligungs GmbH, Berlin	100.00%[1,4]	16,972.1	–459.3	2017
Geragon VV GmbH, Berlin	94.90%[1,4]	–7,694.9	–755.8	2017
GGR Wohnparks Alte Hellersdorfer Straße GmbH, Berlin	100.00%[1,4]	6,946.0	1,086.1	2017
GGR Wohnparks Kastanienallee GmbH, Berlin	100.00%[1,4]	33,226.4	4,509.6	2017
GGR Wohnparks Nord Leipziger Tor GmbH, Berlin	100.00%[1,4]	6,680.3	0.0	2017
GGR Wohnparks Süd Leipziger Tor GmbH, Berlin	100.00%[1,4]	3,390.2	0.0	2017

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

Company and registered office	Share	Equity in EUR k	Earnings in EUR k	Reporting date
GIM Immobilien Management GmbH, Berlin	49.00%[1]	404.3	92.2	2016
Grundstücksgesellschaft Karower Damm mbH, Berlin	100.00%[1,4]	1,099.3	0.0	2017
GSW Acquisition 3 GmbH, Berlin	100.00%[1,4]	78,368.1	0.0	2017
GSW Corona GmbH, Berlin	100.00%[1,4]	3,777.3	0.0	2017
GSW Fonds Weinmeisterhornweg 170–178 GbR, Berlin	53.66%[1]	–5,720.6	–153.3	2017
GSW Gesellschaft für Stadterneuerung mbH, Berlin	100.00%[1]	998.9	518.2	2017
GSW Grundvermögens- und Vertriebsgesellschaft mbH, Berlin	100.00%[1,4]	90,255.7	0.0	2017
GSW Immobilien AG, Berlin	93.89%[6]	1,276,365.9	33,656.7	2017
GSW Immobilien GmbH & Co. Leonberger Ring KG, Berlin	94.00%[1,5]	420.8	23.7	2017
GSW Pegasus GmbH, Berlin	100.00%[1,4]	15,966.3	3,742.1	2017
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Grundstücksgesellschaft Wohnen am Brosepark KG i.L., Berlin	20.80%[1]	16.1	53.3	2016
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, Berlin	93.44%[1,5]	–9,792.4	1,787.3	2017
GSZ Gebäudeservice und Sicherheitszentrale GmbH, Berlin	33.33%[1]	277.9	107.6	2016
Hamburger Ambulante Pflege- und Physiotherapie "HAPP" GmbH, Hamburg	100.00%[1]	–62.6	–49.5	2017
Hamburger Senioren Domizile GmbH, Hamburg	100.00%[1]	2,001.6	469.0	2017
Hamnes Investments GmbH, Berlin (formerly: Hamnes Investments B.V., Baarn, The Netherlands)	100.00%[1,4]	10,642.1	584.2	2017
Haragon VV GmbH, Berlin	94.90%[1,4]	–5,484.9	–15.4	2017
Haus und Heim Wohnungsbau-GmbH, Berlin	100.00%[1,4]	2,798.7	0.0	2017
HESIONE Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main	100.00%[1]	99.7	1.0	2017
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, Berlin	100.00%[1,4]	25.0	0.0	2017
Intermetro GmbH, Berlin	100.00%[1,4]	8,501.4	0.0	2017
Iragon VV GmbH, Berlin	94.90%[1,4]	–6,165.8	–453.3	2017
Karagon VV GmbH, Berlin	94.90%[1,4]	–5,240.0	–634.0	2017
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin	49.00%[1,6]	2,577,8	4,627.8	2017
KATHARINENHOF Service GmbH, Berlin	100.00%[1]	25.0	0.0	2017
Laragon VV GmbH, Berlin	94.90%[1,4]	–9,563.9	–984.4	2017
Larry I Targetco (Berlin) GmbH, Berlin	100.00%[4]	77,057.2	0.0	2017
Larry II Targetco (Berlin) GmbH, Berlin	100.00%[4]	70,878.6	0.0	2017
LebensWerk GmbH, Berlin	100.00%[1]	457.1	0.0	2017
Long Islands Investments S.A., Luxemburg	100.00%[1]	564.1	–625.5	2017
Main-Taunus Wohnen GmbH & Co. KG, Eschborn	99.99%[2,5]	8,986.8	4.640.7	2017
Maragon VV GmbH, Berlin	94.90%[1,4]	–1,702.6	–87.1	2017
Marienfelder Allee 212–220 Grundstücksgesellschaft b.R., Berlin	94.00%[1]	7,662.7	741.3	2017
Omega Asset Invest GmbH, Berlin (formerly: GSW Berliner Asset Invest Verwaltungs-GmbH, Berlin)	50.00%[1]	35.0	1.2	2017
Rhein-Main Wohnen GmbH, Frankfurt/Main	100.00%[1,4,6]	1,080,116.6	14,346.8	2017
Rhein-Mosel Wohnen GmbH, Mainz	100.00%[1,4]	374,491.8	3,453.1	2017
Rhein-Pfalz Wohnen GmbH, Mainz	100.00%[4]	770,147.4	8,549.6	2017
RMW Projekt GmbH, Frankfurt/Main	100.00%[1,4]	16,238.3	0.0	2017
RPW Immobilien GmbH & Co. KG, Berlin (formerly: DB Immobilienfonds 14 Rhein-Pfalz Wohnen GmbH & Co. KG, Eschborn)	92.88%[1]	30,969.9	–1,648.9	2017
Seniorenresidenz „Am Lunapark" GmbH, Leipzig	100.00%[1]	102.3	0.0	2017
SGG Scharnweberstraße Grundstücks GmbH, Berlin	100.00%[1,4]	25.0	0.0	2017
Siwoge 1992 Siedlungsplanung und Wohnbauten Gesellschaft mbH, Berlin	50.00%[1]	4,965.4	1.6	2016
Sophienstraße Aachen Vermögensverwaltungsgesellschaft mbH, Berlin	100.00%[1,4]	2,193.0	0.0	2017

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

Company and registered office	Share	Equity in EUR k	Earnings in EUR k	Reporting date
Stadtentwicklungsgesellschaft Buch mbH, Berlin	100.00%[1]	2,765.4	904.6	2017
WIK Wohnen in Krampnitz GmbH, Berlin (formerly: Brillant 2621. GmbH, Berlin)	100.00%[1]	2,263.5	–261.5	2017
Wohn- und Pflegewelt Lahnblick GmbH, Bad Ems	100.00%[1]	273.9	-50.2	2017
Wohnanlage Leonberger Ring GmbH, Berlin	100.00%[1,4]	850.9	0.0	2017
Zisa Beteiligungs GmbH, Berlin	49.00%[1]	–40.5	–13.2	2016
Zisa Grundstücksbeteiligungs GmbH & Co. KG, Berlin	94.90%[1,5]	–58.7	23.9	2017
Zisa Verwaltungs GmbH, Berlin	100.00%[1]	35.5	–20.0	2017
Zweite GSW Verwaltungs- und Betriebsgesellschaft mbH, Berlin	100.00%[1]	36.3	–21.1	2017

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 4,261.6 million; previous year: EUR 3,606.4 million) largely comprise trade receivables (EUR 11.4 million; previous year: EUR 3.6 million), other receivables arising out of internal Group cash management and cash pooling activities and loans (EUR 4,228.6 million; previous year: EUR 3,565.0 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 21.6 million; previous year: EUR 37.7 million).

Other assets do not contain any dividend claims against affiliated companies legally accruing only after the reporting date (previous year: EUR 74.9 million). The remaining other assets likewise primarily comprise – as in the previous year – tax refund claims.

3 Cash on hand, bank balances

Deutsche Wohnen SE 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 3.8 million (previous year: EUR 1.1 million) arising in connection with the issuance of corporate bonds and registered bonds.

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 future tax liability.

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

- 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.

Deutsche Wohnen SE has made use of its right to choose and has dispensed with the inclusion of deferred tax assets.

6 Equity

Issued share capital

The issued capital of Deutsche Wohnen SE amounted to EUR 354.7 million as at 31 December 2017 (previous year: EUR 337.5 million); it is divided into 354.7 million no-par value bearer shares, each representing a notional share of the issued capital of EUR 1.00. The shares are all bearer shares and are paid up 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, 53a ff., 118 ff. and 186. There are no shares with special rights conferring powers of control.

The Management Board of Deutsche Wohnen SE 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 authorised capital

EUR k	
Authorised Capital 2015/I	
As at 1 January 2017	100,000
Cash capital increase of 23 February 2017	17,174
Resolution on revocation of AGM of 2 June 2017	82,826
As at 31 December 2017	0
Authorised Capital 2017/I	
Resolution of AGM of 2 June 2017	110,000
Utilisation	0
As at 31 December 2017	110,000

By resolution of the Annual General Meeting held on 2 June 2017, which was entered into the commercial register on 22 June 2017, the Management Board has been authorised to increase the company's issued capital, with the consent of the Supervisory Board, by up to EUR 110 million once or several times during the period until 1 June 2020 by means of the issuance of up to 110 million new ordinary bearer shares against cash contributions and/or contributions in kind (Authorised Capital 2017/I). The shareholders must in principle always be granted subscription rights 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 consent of the Supervisory Board and subject to the detailed provisions of the Articles of Association. The Authorised Capital 2015/I was cancelled at the same time as the Authorised Capital 2017/I was entered into the commercial register.

Changes in contingent capital

EUR k	2013/I	2014/I	2014/II	2014/III	2015/I	2017/I	Total
As at 1 January 2017	16,076	25,000	5,902	12,880	50,000	0	109,858
Resolution of Annual General Meeting of 2 June 2017	–	–	–	–	–	67,000	67,000
Cancellation of the purpose of the capital according to the Articles of Association (buyback and deletion of the convertible bond 2013)[1]	–16,076	–	–	–	–	–	–16,067
Cancellation of the purpose of the capital according to the Articles of Association (buyback and deletion of the convertible bond 2014)[1]	–	–25,000	–	–	–	–	–25,000
Capital increase through issuance of compensation shares (GSW domination agreement)[1]	–	–	–11	–	–	–	–11
As at 31 December 2017	**0**	**0**	**5,891**	**12,880**	**50,000**	**67,000**	**135,771**

1 The changes in capital were entered in the commercial register on 2 February 2018.

The issued capital may be contingently increased by up to EUR 135.77 million by means of the issuance of up to approximately 135.77 million new no-par value bearer shares with dividend rights generally from the start of the financial year of their issuance (Contingent Capital 2014/II, Contingent Capital 2014/III, Contingent Capital 2015/I and Contingent Capital 2017/I).

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 2 June 2017 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 3,000 million on one or several occasions until 1 June 2022, and to grant the creditors thereof conversion or option rights for Deutsche Wohnen SE shares representing a share of the issued capital of up to EUR 70 million.

Acquisition of own shares

The acquisition of own shares is authorised pursuant to section 71 ff. 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 (item 14 of the agenda). 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 ff. 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 2017, the capital reserve amounted to EUR 3,125.6 million, having increased from EUR 3,489.4 million over the course of the financial year 2017 by EUR 528.1 million as a result of a premium arising out of the capital increase in February 2017 appropriation section 272(2) No. 4 of the German Commercial Code [HGB]) and by EUR 0.4 million as a result of premiums 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 domination agreement. The capital reserve was further increased by EUR 1.4 million by the share option programme. EUR 562.6 million was taken out of the capital reserve established in accordance with section 272(2) No.1 of the German Commercial Code [HGB] as loss compensation and EUR 331.0 million was taken out of the capital reserve established in accordance with section 272(2) No.4 of the German Commercial Code [HGB] in favour of the net profit.

EUR m	31/12/2017	31/12/2016
Section 272(2) No.1 of the German Commercial Code [HGB]	1,508.8	2,071.1
Section 272(2) No.2 of the German Commercial Code [HGB]	6.7	5.4
Section 272(2) No.4 of the German Commercial Code [HGB]	1,610.1	1,412.9
	3,125.6	**3,489.4**

The capital reserve is made up as follows:

Revenue reserve

The maintenance of the statutory reserve is mandatory for German public limited companies. 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) No.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 as at the reporting date and which is to be reported in this amount on the corresponding 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 8,000 pursuant to sentence 2, section 246(2) of the German Commercial Code [HGB] (previous year: EUR 6,000). Acquisition costs amounted to EUR 8,000 (previous year: EUR 11,000), the attributable fair value and the offset liabilities amounted to EUR 8,000 (previous year: EUR 6,000) and the offset expenses amounted to EUR 4,000 (previous year: EUR 2,000). The amount of the difference pursuant to sentences 1 and 3 of section 253(6) of the German Commercial Code [HGB] amounted to EUR 166,000 as at the reporting date (previous year: EUR 128,000).

8 Other provisions

Other provisions largely comprise provisions for outstanding invoices in the amount of EUR 1.5 million (previous year: EUR 3.3 million) and staff-related provisions in the amount of EUR 5.7 million (previous year: EUR 6.0 million).

9 Liabilities

EUR k		remaining term thereof		
	Balance sheet	up to one year	one to five years	more than five years
1. Bonds	2,434,630	9,630	500,000	1,925,000
Previous year	1,387,176	237,176	1,150,000	0
2. Liabilities to banks	5	5	0	0
Previous year	1	1	0	0
3. Trade payables	1,451	1,451	0	0
Previous year	1,385	1,385	0	0
4. Liabilities to affiliated companies	1,792,643	1,777,943	0	14,700
Previous year	1,474,352	1,459,652	0	14,700
5. Other liabilities	450	450	0	0
Previous year	810	810	0	0
Total for the financial year	**4,229,179**	**1,789,479**	**500,000**	**1,939,700**
Total for the previous year	**2,863,724**	**1,699,024**	**1,150,000**	**14,700**

As at the reporting date, 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 was voluntarily redeemed in the financial year 2017 prior its maturity date.

Deutsche Wohnen issued a further convertible bond on 8 September 2014 in the nominal amount of EUR 400.0 million (security identification number: A12UDH), which was also voluntarily redeemed in the financial year 2017 prior its maturity date.

On 27 February 2017, Deutsche Wohnen issued a convertible bond in the nominal amount of EUR 800.0 million (security identification number: A2BPB8) which can be converted in accordance with the exchange ratio valid as at 31 December 2017 into 16.6 million ordinary no-par value bearer shares of Deutsche Wohnen SE. The transaction is underpinned by a global certificate for 18 million shares as at the maturity date from the Contingent Capital 2015. This convertible bond has not been secured by Deutsche Wohnen SE. It earns interest at 0.325% p.a. and has a term of seven years and five months up to 26 July 2024. In the event of the termination, conversion or final maturity of the convertible bond, Deutsche Wohnen SE is entitled to pay the bondholders in shares and/or the equivalent value in cash according to the value of the bond by way of satisfying their claims.

Furthermore, on 4 October 2017, Deutsche Wohnen issued a convertible bond in the nominal amount of EUR 800.0 million (security identification number: A2GS37) which can be converted in accordance with the exchange ratio valid as at 31 December 2017 into 15.7 million ordinary no-par value bearer shares of Deutsche Wohnen SE. The transaction is secured by a global certificate for 20 million shares as at the maturity date from the Contingent Capital 2017. This convertible bond has not been secured by Deutsche Wohnen SE. It earns interest at 0.60% p.a. and has a term of eight years and three months up to 5 January 2026. In the event of the termination, conversion or final maturity of the convertible bond, Deutsche Wohnen SE is entitled to pay the bondholders in shares and/or the equivalent value in cash according to the value of the bond by way of satisfying their claims.

Included under the item "bonds" are several registered bonds which were issued in the financial year 2017 with an overall nominal value of EUR 325.0 million. These registered bonds have not been secured by Deutsche Wohnen SE. They earn interest at between 1.600% p.a. and 2.00% p.a. and mature between 2027 and 2032.

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

As at the reporting date, there were no bonds issued from the Multi Currency Commercial Paper Programme. The bonds issued from this programme in the previous year or in the course of the financial year 2017 had all been redeemed as at the reporting date. These bonds have terms of between one month and twelve months. They are not secured by Deutsche Wohnen SE and earn no 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 1,775.5 million; previous year: EUR 1,471.2 million), trade receivables (EUR 0.3 million; previous year: EUR 0.1 million), and other liabilities primarily arising out of profit transfers and in the context of the group's classification as a single entity for value added tax purposes (EUR 16.8 million; previous year: EUR 3.1 million).

The liabilities have not been secured by Deutsche Wohnen SE.

D. Notes to the profit loss statement

1 Other operating income

Other operating income includes income for other accounting periods from the appreciation of shares in affiliated companies in the amount of EUR 0.3 million (previous year: none) and the cancellation of provisions in the amount of EUR 0.2 million (previous year: EUR 0.9 million).

2 Staff expenses

The share 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 SE 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 arithmetical mean of the closing price for the Deutsche Wohnen share 30 days prior to the issuance of the share 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 I (without disposals) per share" (40% weighting) and "share price" (20% weighting) have been attained.

The performance targets for each individual tranche of the share options relate to the development of the (i) "Adjusted NAV per share", (ii) "FFO I (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 share options allotted to this performance target to be generally exercisable, as well as a maximum target, upon the attainment of which all of the share 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 share 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 share options per tranche will be commensurate with the total number of share 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 the payment of dividends.

In the past financial year, a total of 64,857 subscription rights were issued, with the result that 282,994 subscription rights were outstanding at the end of the year (previous year: 218,137).

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 I (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 share option programme as reported in the annual financial statements amount to EUR 1.4 million (previous year: EUR 2.2 million).

3 Other operating expenses

Other operating expenses largely comprise IT costs (EUR 11.4 million; previous year: EUR 9.3 million), ongoing consultancy, audit and court fees for ongoing business transactions and transaction costs relating to acquisitions (EUR 4.7 million; previous year: EUR 6.2 million), and costs arising in connection with the absorption of equity (EUR 4.4 million; previous year: none).

4 Expenses arising from buyback of convertible bonds

Expenses arising from the buyback of convertible bonds includes one-off expenses arising from the buyback of the convertible bonds issued in the financial years 2013 and 2014 (EUR 553.3 million; previous year: none) in the amount of the difference between the carrying values and the buyback price.

E. Contingent liabilities

As at the reporting date, Deutsche Wohnen SE 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. It is unlikely that any of these guarantees will be drawn upon, as these companies are profitable and solvent.

Deutsche Wohnen SE is jointly and severally liable with affiliated companies for liabilities to banks owed by those affiliated companies in the amount of EUR 1,034.5 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 SE 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 14.5 million and for liabilities owed to banks in the amount of EUR 15.9 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 SE has issued comfort letters to Entwicklungsträger Potsdam GmbH and the city of Potsdam, capital of the federal state of Brandenburg, in favour of an affiliated company for liabilities in the context of the purchase of a plot of land in the amount of EUR 50.0 million and for investment liabilities arising from an urban development contract. These investments will probably amount to EUR 350 to 400 million. It is unlikely that any claims will be brought in this regard, as the affiliated company has sufficient financing to carry out the contract of purchase and the agreed investments.

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

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

A domination agreement is in place between Deutsche Wohnen SE, 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 SE (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 SE (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	Between one and five years	More than five years	Total
Leasing and rental agreements	1.1	2.2	0.0	3.3
Long-term service agreements	7.0	1.5	0.0	8.4
Total	**8.4**	**3.7**	**0.0**	**11.7**

Pursuant to the domination agreement concluded with GSW Immobilien AG, as the controlled company, Deutsche Wohnen SE 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 SE. As at the reporting date, external shareholders still held 3,463,391 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 SE Group are not included herein.

G. Other disclosures

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 sentence five of section 125(1) of the German Stock Corporation Act (AktG)
Michael Zahn Chairman of the Management Board (Chief Executive Officer, CEO)	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; member until 17/03/2017) WCM Beteiligungs- und Grundbesitz-AG (member of the Supervisory Board from 17/11/2017 until 08/02/2018; Chairman of the Supervisory Board from 20/11/2017 until 08/02/2018) Scout 24 AG, Munich (member of the Supervisory Board since 08/06/2017) 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) GETEC Wärme & Effizienz GmbH, Magdeburg (member of the Real Estate Advisory Board)
Lars Wittan Deputy Chairman of the Management Board (Chief Operating Officer, COO)	Certified economist	Eisenbahn-Siedlungs-Gesellschaft Berlin mbH, Berlin (Chairman of the Supervisory Board)
Philip Grosse Member of the Management Board (Chief Financial Officer, CFO)	Holder of a degree in business management	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:

	Michael Zahn Chief Executive Officer Since 01/09/2007				Lars Wittan Member of the Management Board Since 01/10/2011				Philip Grosse Member of the Management Board Since 01/09/2016			
in EUR k	2016	**2017**	2017 (Min.)	2017 (Max.)	2016	**2017**	2017 (Min.)	2017 (Max.)	2016	**2017**	2017 (Min.)	2017 (Max.)
Fixed remuneration	825	975	975	975	376	432	432	432	108	323	323	323
Supplementary payments	34	34	34	34	24	24	24	24	6	18	18	18
Total fixed remuneration	**859**	**1,009**	**1,009**	**1,009**	**400**	**456**	**456**	**456**	**114**	**341**	**341**	**341**
Short-term variable remuneration	500	500	0	625	240	300	0	375	58	175	0	219
Long-term variable remuneration (SOP)	750	750	0	1,125	260	400	0	600	75	225	0	338
Total variable remuneration	**1,250**	**1,250**	**0**	**1,750**	**500**	**700**	**0**	**975**	**133**	**400**	**0**	**557**
Total	**2,109**	**2,259**	**1,009**	**2,759**	**900**	**1,156**	**456**	**1,431**	**247**	**741**	**341**	**898**

Upper limit relates to the degree of target attainment with regard to the three parameters and not to the performance of the share price.

Given that Mr Philip Grosse was appointed a member of the Management Board in 2016, only partial amounts of remuneration are due for that year.

No loans or advance payments were granted to members of the Board of Management of Deutsche Wohnen SE in the financial year 2017.

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 former members of the Management Board of Deutsche Wohnen SE. No advances, loans or sureties were granted or issued to members of the Management Board of Deutsche Wohnen SE in the financial year 2017.

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 the fifth clause of Section 125(1) of the German Stock Corporation Act (AktG)
Uwe E. Flach Chairman	Management consultant, Frankfurt/Main	OFFICEFIRST Immobilien AG, Bonn (Chairman of the Supervisory Board; member until 31/03/2017)
Dr. Andreas Kretschmer Deputy Chairman	Management consultant, Dusseldorf	BIOCEUTICALS Arzneimittel AG, Bad Vilbel (Chairman of the Supervisory Board) Amprion GmbH, Dortmund (Deputy Chairman of the Supervisory Board)
Dr. h.c. Wolfgang Clement (until 02/06/2017)	Publicist and corporate consultant, Former Bundesminister (Federal Minister), Former Ministerpräsident (State Premier), Bonn	Daldrup & Söhne AG, Grünwald (Chairman of the Supervisory Board) 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)
Jürgen Fenk (since 01/10/2017)	Managing Director and member of the Group Executive Board of Signa Holding GmbH, Vienna	None
Matthias Hünlein	Managing Director Tishman Speyer Properties Deutschland GmbH, Frankfurt/Main	None
Dr. Florian Stetter	Chief Executive Officer Rockhedge Asset Management AG, Krefeld	C&P Immobilien AG, Graz, Austria (members of the Supervisory Board since 15/11/2017) CalCon Deutschland AG, Munich (Member of the Supervisory Board) ENOVO s.r.o., Bratislava, Slovak Republic (Managing Partner)
Claus Wisser	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 annual remuneration of EUR 75,000; the Chairman of the Supervisory Board receives treble that amount and the Deputy Chairman of the Supervisory Board receives one and a half times that amount as remuneration. A member of the Supervisory Board receives lump-sum remuneration in the amount of EUR 15,000 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 is paid in the amount of EUR 5,000 per member, committee and financial year. The Chairman of each of these committees receives double that amount. The sum total of all remuneration plus the remuneration for membership in supervisory boards and comparable controlling bodies of Group companies may not exceed a sum of EUR 300,000 (in each case excluding any value added tax) per calendar year per member of the Supervisory Board (irrespective of the number of committee memberships and functions).

The remuneration paid to Supervisory Board members in the financial year 2017 amounted to EUR 738,750 (previous year: EUR 543,000) net of value added tax. Mr Flach received EUR 270,000 net (previous year: EUR 148,000), Dr Kretschmer received EUR 152,500 net (previous year: EUR 123,000), Mr Clement (ceased to be a member of Supervisory Board as of 2 June 2017) received EUR 40,000 net (previous year: EUR 68,000), Mr Fenk (member of the Supervisory Board since 1 October 2017) received EUR 18,750 net, Mr Hünlein received EUR 80,000 net (previous year: EUR 65,000), Dr Stetter received EUR 95,000 net (previous year: EUR 75,000) and Mr Wisser received EUR 82,500 net (previous year: EUR 65,000).

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 SE. No advances, loans or securities were granted to members of the Supervisory Board in the financial year.

3 Shareholdings requiring notification pursuant to section 160(1) No.8 of the German Stock Corporation Act [AktG]

There exist the following major shareholdings in Deutsche Wohnen SE that the company was notified about pursuant to section 33(1) German Securities Trading Act [WpHG] current version (section 21(1) WpHG prior version) that were published pursuant to section 40(1) WpHG current version (section 26(1) WpHG prior version) with the following wording:

I.
On 10 February 2015 Massachusetts Financial Services Company (MFS), Boston, USA, has informed us according to sec. 21, para. 1 WpHG that its voting rights in Deutsche Wohnen AG, Frankfurt/Main, Germany, have fallen below the threshold of 10 % on 5 February 2015 and as of such date amount to 9.94% (this corresponds to 29,301,015 voting rights).

Of these voting rights 8.93% (this corresponds to 26,306,928 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG. 1.02% of the voting rights (this corresponds to 2,994,087 voting rights) are to be attributed to the company according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG.

Voting rights of the following shareholder holding 3% or more in Deutsche Wohnen AG are to be attributed to the company:
– MFS International Value Fund.

II.
Notification of Major Holdings

1. Details of issuer
Deutsche Wohnen SE
Mecklenburgische Straße 57
14197 Berlin
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: 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:
02 March 2018

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	9.50%	0.53%	10.03%	354,667,194
Previous notification	9.29%	0.53%	9.62%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6	0	33,677,159	0.00%	9.50%
Total	**33,677,159**		**9.50%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent securities			1,841,141	0.52%
		Total	**1,841,141**	**0.52%**

b.2. Instruments according to Sec. 38 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	54,010	0.02%
			Total	**54,010**	**0.02%**

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.	%	%	%

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 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	%	%	%
----	%	%	%
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 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 HK Holdco Limited	%	%	%
BlackRock Lux Finco S.à r.l.	%	%	%

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instru-ments (if at least held 5% or more)	Total of both (if at least held 5% or more)
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.	%	%	%
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 UK Holdco Limited	%	%	%
BlackRock Asset Management Schweiz 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 Luxembourg Holdco S.à r.l.	%	%	%

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 (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.	%	%	%
----	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Group 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 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. 34 para. 3 WpHG

(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [WpHG])

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

10. Other explanatory remarks:

III.
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

	% 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
Previous notification	5.48%	N/A%	5.48%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6		23,396,706	%	6.93%
Total	**23,396,706**		**6.93%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to Sec. 38 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 %
					%
			Total		**%**

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 Sec. 34 para. 3 WpHG

(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [WpHG])

Date of general meeting:

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

10. Other explanatory remarks:

IV.
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 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

	% 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
Previous notification	3.24%	1.82%	5.05%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6	16,821,000	0	4.99%	0%
Total	**16,821,000**		**4.99%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to Sec. 38 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 %
					%
			Total		**%**

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)

9. In case of proxy voting according to Sec. 34 para. 3 WpHG

(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [WpHG])

Date of general meeting:

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

10. Other explanatory remarks:

FORMAL NOTIFICATION OF VOTING RIGHTS IN THE FINANCIAL YEAR UP TO BALANCE SHEET DATE

In the financial year 2017 and after the end of the financial year until the valuation date Deutsche Wohnen SE received the following voting rights notifications pursuant to section 33(1) of the German Securities Trading Act [WpHG] (new version) (section 21(1) of the German Securities Trading Act [WpHG] (old version)). These notifications were published pursuant to section 40(1) of the German Securities Trading Act [WpHG] (new version) (section 26(1) of the German Securities Trading Act [WpHG] (old version)) in the following form:

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 conferring voting rights
Acquisition/disposal of instruments
Change in total number of voting rights
X Other reason: Disaggregation pursuant to section 22a of the Securities Trading Act

3. Information on the notifying party

Name: Sun Life Financial Inc.
City and country of registered office: Toronto, Ontario, Canada

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:

24 March 2017

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	0.0%	0.0%	0.0%	354.658.098
Previous notification	9.94%	n/a%	n/a%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6		0	%	0%
Total	**0**		**0%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to Sec. 38 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 %
					%
			Total		**%**

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)

9. In case of proxy voting according to Sec. 34 para. 3 WpHG

(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [WpHG])

Date of general meeting:

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

10. Other explanatory remarks:

Disclosure is made after a disaggregation notice. The investment managers of the Group, Massachusetts Financial Services Company and its subsidiaries continue to hold a reportable Position, as published by the issuer on 13 February 2015.

II.
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.

5. Date on which threshold was crossed or reached:
03 Jul 2017

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	2.83%	0%	2.83%	354,662,018
Previous notification	3.04%	0%	3.04%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6		10,022,901	0%	2.83%
Total		**10,022,901**	**2.83%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

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

b.2. Instruments according to Sec. 38 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 %
					%
			Total		**%**

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.	%	%	%

9. In case of proxy voting according to Sec. 34 para. 3 WpHG

(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [WpHG])

Date of general meeting:

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

10. Other explanatory remarks:

III.
Notification of Major Holdings

1. Details of issuer

Deutsche Wohnen SE
Mecklenburgische Straße 57
14197 Berlin
Germany

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

3. Details of person subject to the notification obligation

Name: BlackRock, Inc.
City and country of registered office: Wilmington, DE, Vereinigte Staaten von Amerika (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:

01 Feb 2018

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	9.37%	0.30%	9.67%	354,667,194
Previous notification	8.60%	0.34%	8.94%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6	0	33,230,454	0.00%	9.37%
Total	**33,230,454**		**9.37%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Securities loan		33,230,454	1,046,100	0.29%
		Total	**1,046,100**	**0.29%**

b.2. Instruments according to Sec. 38 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	28,092	0.01%
Total				**28,092**	**0.01%**

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.	%	%	%

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 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	%	%	%
----	%	%	%
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 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 HK Holdco Limited	%	%	%
BlackRock Lux Finco S.à r.l.	%	%	%
BlackRock Trident Holding Company 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 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.	%	%	%
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 UK Holdco Limited	%	%	%
BlackRock Asset Management Schweiz 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 Luxembourg Holdco S.à r.l.	%	%	%
BlackRock (Luxembourg) S.A.	%	%	%

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 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.	%	%	%
----	%	%	%
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	%	%	%
----	%	%	%

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 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. 34 para. 3 WpHG

(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [WpHG])

Date of general meeting:

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

10. Other explanatory remarks:

IV.
Notification of Major Holdings

1.Details of issuer
Deutsche Wohnen SE
Mecklenburgische Straße 57
14197 Berlin
Germany

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 of reaching of threshold only at the 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:
05 Feb 2018

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instru-ments (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	9.27%	0.32%	9.59%	354,667,194
Previous notification	9.37%	0.30%	9.67%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6	0	32,880,086	0.00%	9.27%
Total	**32,880,086**		**9.27%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Securities Lent			1,107,492	0.31%
		Total	**1,107,492**	**0.31%**

b.2. Instruments according to Sec. 38 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	33,981	0.01%
Total				**33,981**	**0.01%**

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.	%	%	%
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 (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 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 HK Holdco Limited	%	%	%
BlackRock Lux Finco S.à r.l.	%	%	%
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.	%	%	%

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 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 UK Holdco Limited	%	%	%
BlackRock Asset Management Schweiz 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 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.	%	%	%

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 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. 34 para. 3 WpHG
(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [WpHG])

Date of general meeting:

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

Date of the Annual General Meeting:

Total share of voting rights after the Annual General Meeting:% (corresponds to voting rights)

10. Other explanatory remarks

V.
Notification of Major Holdings

1. Details of issuer
Deutsche Wohnen SE
Mecklenburgische Straße 57
14197 Berlin
Germany

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

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 Feb 2018

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	9.29%	0.33%	9.62%	354,667,194
Previous notification	9.27%	0.32%	9.59%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6	0	32,938,040	0.00%	9.29%
Total	**32,938,040**		**9.29%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Securities Lent			1,159,387	0.33%
		Total	**1,159,387**	**0.33%**

b.2. Instruments according to Sec. 38 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				21,864	0.01%
			Total	**21,864**	**0,.01%**

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.	%	%	%
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 (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 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 HK Holdco Limited	%	%	%
BlackRock Lux Finco S.à r.l.	%	%	%
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.	%	%	%

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 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 UK Holdco Limited	%	%	%
BlackRock Asset Management Schweiz 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 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.	%	%	%

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 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. 34 para. 3 WpHG

(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [WpHG])

Date of general meeting:

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

10. Other explanatory remarks:

VI.
Notification of Major Holdings

1. Details of issuer

Deutsche Wohnen SE
Mecklenburgische Straße 57
14197 Berlin
Deutschland

2. Reason of 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: BlackRock, Inc.
City and country of registered office: Wilmington, DE
Vereinigte Staaten von Amerika (USA)

4. Name of shareholder(s)

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

5. Date on which threshold was crossed or reached:

02 March 2018

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	9.50%	0.53%	10.03%	354,667,194
Previous notification	9.29%	0.33%	9.62%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE000A0HN5C6	0	33,677,159	0.00%	9.50%
Total	**33,677,159**		**9.50%**	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Securities Lent		Bar	1,841,141	0.52%
		Total	**1,841,141**	**0.52%**

b.2. Instruments according to Sec. 38 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				54,010	0.02%
			Total	**54.010**	**0.02%**

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 instru-ments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BlackRo ck, 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.	%	%	%
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.	%	%	%
Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
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 HK Holdco Limited	%	%	%
BlackRock Lux Finco S.à r.l.	%	%	%
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.	%	%	%

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)
Black Rock 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 UK Holdco Limited	%	%	%
BlackRock Asset Management Schweiz 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 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	%	%	%

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 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 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	%	%	%

9. In case of proxy voting according to Sec. 34 para. 3 WpHG
(only possible in the case of an attribution pursuant to Section 34(1), sentence 1, no. 6 of the German Securities Trading Act [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 SE.

5 Employees

In the year under review, the average number of employees was 168 (previous year: 155).

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 the shareholders at www.deutsche-wohnen.com.

H. Events after the reporting date

We are not aware of any 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 331,000,000.00 reported as at 31 December 2017, comprising profit carry-forwards in the amount of EUR 8,376,128.83, a net loss for the year of EUR 570,986,642.36, a withdrawal from the capital reserve pursuant to section 272(2) No. 1 of the German Commercial Code [HGB] in the amount of EUR 562,610,513.53 as a loss adjustment and a withdrawal from the capital reserve pursuant to section 272(2) No. 4 of the German Commercial Code [HGB] in the amount of EUR 331,000,000.00:

Distribution to the shareholders:

EUR	
Payment of a dividend of EUR 0.80 per bearer share that is entitled to dividends for the financial year 2017; on the basis of 354,666,078 bearer shares, this will amount to	283,732,862,40
Profit carry-forwards	47,267,137,60
Net profit	**331,000,000,00**

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 increase 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 SE and GSW Immobilien AG and the corresponding issuance of new shares of the company out of the Contingent Capital 2014/II (clause 4c of the Articles of Association).

The amount of the dividend per no-par value share entitled to dividends will remain unchanged at EUR 0.80.

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 0.80 per new share issued, the amount of the profit carry-forwards will decrease accordingly.

Berlin, 8 March 2018
Deutsche Wohnen SE

Michael Zahn Chief Executive Officer	Lars Wittan Deputy Chief Executive Officer	Philip Grosse Member of the Management Board

Appendix 1 to the notes
Statements of changes in fixed assets 2017

EUR				Acquisition and production costs	
	01/01/2017	Additions	Disposals	Transfers	31/12/2017
I. Intangible assets					
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	13,349,456.74	1,562,421.93	0.00	294,614.37	15,206,493.04
2. Advance payments	294,614.37	0.00	0.00	−294,614.37	0.00
	13,644,071.11	**1,562,421.93**	**0.00**	**0.00**	**15,206,493.04**
II. Property, plant and equipment					
1. Buildings on third party properties	214,882.97	0.00	0,00	0.00	214,882.97
2. Other equipment, furniture and fixtures	6,155,366.61	3,223,998.74	139,227,28	0.00	9,240,138.07
3. Advance payments on property, plant and equipment	0.00	131,299.54	0,00	0.00	131,299.54
	6,370,249.58	**3,355,298.28**	**139,227.28**	**0.00**	**9,586,320.58**
III. Financial assets					
1. Shares in affiliates	3,119,680,579.51	95,181,426.45	104,429,574.89	0.00	3,110,432,431.07
2. Lendings to affiliates	0.00	324,882,671.60	0.00	0.00	324,882,671.60
	3,119,680,579.51	**420,064,098.05**	**104,429,574.89**	**0.00**	**3,435,315,102.67**
	3,139,694,900,20	**424,981,818,26**	**104,568,802,17**	**0,00**	**3,460,107,916,29**

EUR				Accumulated depreciation and amortisation	
	01/01/2017	Additions	Disposals	Zuschreibung	31/12/2017
I. Intangible assets					
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	9,133,992.66	1,785,353.56	0.00	0.00	10,919,346.22
2. Advance payments	0.00	0.00	0.00	0.00	0.00
	9,133,992.66	**1,785,353.56**	**0.00**	**0.00**	**10,919,346.22**
II. Property, plant and equipment					
1. Buildings on third party properties	91,218.01	43,646.46	0.00	0.00	134,864.47
2. Other equipment, furniture and fixtures	3,166,225.82	1,462,022.71	59,527.68	0.00	4,568,720.85
3. Advance payments on property, plant and equipment	0.00	0.00	0.00	0.00	0.00
	3,257,443.83	**1,505,669.17**	**59,527.68**	**0.00**	**4,703,585,32**
III. Financial assets					
1. Shares in affiliates	295,000.00	0.00	0.00	295,000.00	0,00
2. Lendings to affiliates	0.00	0.00	0.00	0,00	0.00
	295,000.00	**0.00**	**0.00**	**295,000,00**	**0,00**
	12,686,436,49	**3,291,022,73**	**59,527,68**	**295,000,00**	**15,622,931,54**

EUR	Carrying amount	
	31/12/2017	31/12/2016
I. Intangible assets		
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	4,287,146.82	4,215,464.08
2. Advance payments	0.00	294,614.37
	4,287,146.82	**4,510,078.45**
II. Property, plant and equipment		
1. Buildings on third party properties	80,018.50	123,664.96
2. Other equipment, furniture and fixtures	4,671,417.22	2,989,140.79
3. Advance payments on property, plant and equipment	131,299.54	0.00
	4,882,735.26	**3,112,805.75**
III. Financial assets		
1. Shares in affiliates	3,110,432,431.07	3,119,385,579.51
2. Lendings to affiliates	324,882,671.60	0.00
	3,435,315,102.67	**3,119,385,579.51**
	3,444,484,984.75	**3,127,008,463.71**

Independent auditor's report

To Deutsche Wohnen SE, Berlin

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of Deutsche Wohnen SE (until July 31, 2017: Deutsche Wohnen AG, Frankfurt am Main), Berlin, which comprise the balance sheet as of December 31, 2017, and the profit and loss statement for the financial year from January 1, 2017 to December 31, 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report (hereinafter: 'management report') of Deutsche Wohnen SE for the financial year from January 1, 2017, to December 31, 2017. In accordance with the German legal requirements we have not audited the content of the Group's non-financial statement, which is included in Section 9 of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,
- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2017, and of its financial performance for the financial year from January 1, 2017, to December 31, 2017, in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the Group's non-financial statement mentioned above.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year from January 1, 2017 to December 31, 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment testing of shares in affiliated companies as well as loans to affiliated companies and receivables from affiliated companies

Please refer to the explanatory notes to the financial statements ("Accounting policies" section) for information on the measurement of shares in affiliated companies as well as loans to affiliated companies and receivables from affiliated companies.

FINANCIAL STATEMENT RISK

The annual financial statements of Deutsche Wohnen SE as of December 31, 2017, report shares in affiliated companies in the amount of EUR 3,110 million and loans to affiliated companies of EUR 325 million as well as receivables from affiliated companies in the amount of EUR 4,262 million reported under receivables and other assets. The proportion of total assets made up by these items totals 96% and thus has a material effect on the financial position of the Company.

Shares in affiliated companies and loans to affiliated companies are recognized at cost or, if they are expected to be permanently impaired, at their lower fair value. Receivables from affiliated companies are stated at the lower of nominal and fair value. In this respect, it is necessary to determine an impairment loss if the fair value falls below the carrying amount.

The shares in affiliated companies as well as loans to affiliated companies and receivables from affiliated companies mostly relate to shares in and loans to or receivables from property holding companies. Thus, the main value drivers of fair value are the fair values of the residential and commercial buildings as well as care facilities held by the subsidiaries.

Deutsche Wohnen determines the fair value of residential and commercial property in-house using a discounted cash flow model. In addition, CB Richard Ellis GmbH (hereinafter referred to as 'CBRE') provides an appraisal which is used by Deutsche Wohnen to verify the in-house valuation (measurement) of residential and commercial property. Care facilities are valued (measured) exclusively by CBRE using a discounted cash flow model.

In-house valuation and CBRE's valuations (measurements) are carried out as of the measurement date (December 31).

Numerous assumptions relevant to measurement are made when assessing the value of residential and commercial property as well as care facilities, which are complex and subject to considerable estimation uncertainties and judgments. Even minor changes in the assumptions relevant to measurement may have a material effect on the resulting fair value. The key assumptions for measuring the value of residential and commercial property as of the measurement date were annual rental growth as well as the capitalization and discount rates. The key assumptions for measuring the value of care facilities as of the measurement date were market rents, capitalization and discount rates.

There is a risk for the annual financial statements that shares in affiliated companies as well as loans to affiliated companies and receivables from affiliated companies are impaired.

OUR AUDIT APPROACH

In order to examine the Company's impairment testing, we focused especially on the key value drivers, the fair values of the residential/commercial buildings and care facilities.

Our audit procedures also included an assessment of the internal valuation method used, the accuracy and completeness of data used for real estate portfolios, as well as appropriateness of assumptions for measurement, such as annual rental growth and discount/capitalization rates. We conducted our audit with the involvement of our valuation experts.

We assessed the internal valuation methods in terms of the valuation model's suitability as well as (financial) mathematical accuracy, and verified that the data and assumptions relevant for measurement were appropriate as of the measurement date.

We compared the target rents processed in the in-house valuation model with the target rents stored in the ERP system. Prior to that, we confirmed the appropriateness and functionality of the controls implemented in the rental process to ensure that the target rents stored in the ERP system are in agreement with the contractual rents.

Subsequently, we assessed the appropriateness of the assumptions made for measurement using a risk-based selection of real estate. For this purpose, we assessed the appropriateness of the assumptions made for determining property-specific annual rental growth and discount/capitalization rates by comparing these to market and industry-specific benchmarks, taking into account the type and location of the properties selected based on risk. We carried out some on-site inspections to verify the respective property's condition.

We were satisfied with the qualification and objectivity of CBRE, engaged by Deutsche Wohnen to assess the value of its residential and commercial property, evaluated the valuation method used for their appraisal and compared the external appraisal with the internal measurements (valuation).

Furthermore, we compared the fair values of the residential and commercial property determined by Deutsche Wohnen with observable multipliers provided by recognized external providers.

We were satisfied with CBRE's qualification and objectivity with respect to the care facilities and assessed the valuation method used. We evaluated the appraisal with regard to key assumptions for measurement as well as the completeness and accuracy of figures and amounts.

We made use of our findings from the audit of the fair value of the residential and commercial property as well as care facilities when carrying out impairment testing of shares in affiliated companies as well as loans to affiliated companies and receivables from affiliated companies.

We verified that the carrying amounts of the shares in affiliated companies as well as loans to affiliated companies and receivables from affiliated companies are covered by the fair values determined by the Company as part of impairment testing.

OUR OBSERVATIONS

Management is responsible for the other information. The other information comprises the Group's non-financial statement.
Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.
In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

In accordance with our engagement letter, we conducted a separate assurance engagement of the Group's non-financial statement. Please refer to our assurance report dated March 7, 2018 for information on the nature, scope and findings of this assurance engagement.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of

the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on June 2, 2017. We were engaged by the supervisory board on November 20, 2017. We have been the auditor of Deutsche Wohnen SE (until July 31, 2017: Deutsche Wohnen AG, Frankfurt am Main) without interruption since the financial year 2016.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or its subsidiaries the following services that are not disclosed in the consolidated and annual financial statements or in the management report:

Assurance engagement of the Group's non-financial statement and other contractually agreed assurance services.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is René Drotleff.

Berlin, March 8, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft
Original German version signed by:

gez. Schmidt	gez. Drotleff
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable accounting standards, the annual financial statements as at 31 December 2017 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 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. "

Berlin, 8 March 2018
Deutsche Wohnen SE

Michael Zahn
Chief Executive Officer

Lars Wittan
Deputy Chief Executive Officer

Philip Grosse
Member of the Management Board

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