For people.
For tomorrow.

Management report oft the company and the group and annual financial statements for the financial year 2020

DEUTSCHE WOHNEN

Contents

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

2020 was a very particular year for Deutsche Wohnen SE because of the coronavirus pandemic and its impact on everyone's everyday life. We are proud that our company was able to cope with the challenges and bring the financial year to a successful close. Our business model proved to be robust under challenging conditions, including the regulatory intervention in Berlin, and our performance figures were in line with our forecasts. We also assumed our social responsibilities. Portfolio optimisation continued and the project development business was expanded.

Matthias Hünlein
Chair of the Supervisory Board

Cooperation between Supervisory Board and Management Board

Deutsche Wohnen SE successfully closed the financial year.

In 2020 the Supervisory Board carried out with great diligence the tasks assigned to it by law, the articles of association, the German Corporate Governance Code and the Rules of Procedure. It regularly advised the Management Board on the management of the company and monitored its work. It was directly involved and at an early stage in all decisions of fundamental importance for the company.

The Management Board informed the Supervisory Board regularly, promptly and fully in writing and orally about all matters relevant to the company concerning company policy, corporate planning and strategy, the company's position, including opportunities and risks, the course of business, risk management and compliance. Any differences between forecasts and actual performance were explained in detail. The Management Board agreed important transactions with the Supervisory Board.

The Chair of the Supervisory Board and other members of the Supervisory Board were in regular contact with the Management Board to discuss important topics, also outside meetings of the Supervisory Board and its committees. These concerned the company's strategy, performance, risk management, and other matters. The Supervisory Board met regularly without the presence of Management Board members, to discuss staffing and remuneration matters, for example.

Supervisory Board meetings and resolutions

In financial year 2020 the Supervisory Board discussed the current course of business, important individual matters and transactions requiring approval in twelve meetings. All the meetings were held in the form of phone or video conferences in 2020 due to contact restrictions and anti-corona measures. Where necessary, the Supervisory Board gave its approval in the individual meetings as requested, after a thorough review and detailed discussions. A resolution amending the articles of association was adopted by circulation of documents on 21 January 2020 in response to the issue of company shares to external shareholders of GSW Immobilien AG and members of the Management Board in 2019. The average attendance rate at Supervisory Board meetings was 98.8%. The Supervisory Board and Management Board coordinated their activities in a joint workshop at the start of the financial year.

Individualized participation of meetings in financial year 2020

Member of the Supervisory Board	Supervisory Board	Executive and Nomination Committee	Audit Committee	Capital Markets and Acquisition Committee
Matthias Hünlein (Chair)	12/12	3/3	3/3	4/4
	100%	100%	100%	100%
Jürgen Fenk (Deputy Chair since 05/06/2020)	11/12	3/3	5/5	–
	92%	100%	100%	–
Arwed Fischer	12/12	0/0	–	4/4
	100%	–	–	100%
Kerstin Günther (Member since 05/06/2020)	6/6	–	2/2	–
	100%	–	100%	–
Tina Kleingarn	12/12	–	–	4/4
	100%	–	–	100%
Dr Florian Stetter	12/12	–	5/5	–
	100%	–	100%	–
Dr Andreas Kretschmer (Member and Deputy Chair until 05/06/2020)	6/6	3/3	–	0/0
	100%	100%	–	–

Focus areas

In the reporting year the Supervisory Board focused on business planning and the performance of Deutsche Wohnen SE, Management Board matters, company strategy, regulatory changes, acquisition and disposal projects and the integration of acquisitions, particularly in the Project Development business. Measures to combat the coronavirus pandemic and its effects were on the agenda throughout the year.

The coronavirus pandemic was also a key topic at the Supervisory Board meetings.

The Supervisory Board discussed regularly and in detail the performance of the segments Residential Property Management, Disposal, Nursing Operations, and Nursing Assets, as well as the financial and liquidity position of the Group. Another focus of the Supervisory Board's work was to review and advise the internal control system and risk management system of the Deutsche Wohnen Group.

Individual meetings

At the meeting on **2 March 2020** the Supervisory Board approved an acquisition project for some 1,400 units.

On **13 March 2020** the Supervisory Board discussed Management Board matters, especially the STI 2019 and 2020 and the current state of the coronavirus pandemic.

At the meeting on **19 March 2020** the Supervisory Board dealt particularly with reports of committee meetings, the separate and consolidated financial statements for 2019 and Management Board matters, particularly remuneration. Representatives of the auditors were present for the discussion of the financial statements for 2019; they explained items and carrying amounts in the financial statements of the company and the Group and discussed their audit of the non-financial group statement. Other core topics were the proposal for the election of auditors, approval of the Supervisory Board report and the corporate governance declaration, the implications of the coronavirus pandemic and other current topics and projects.

The use of profits was discussed again in view of the ongoing coronavirus pandemic at the Supervisory Board meeting on **24 March 2020** and a decision was taken to reduce the original dividend in order to create a relief fund. A resolution was passed changing the proposal to the Annual General Meeting on the use of profits accordingly.

The Supervisory Board meeting on **27 April 2020** focused on the Annual General Meeting, particularly the agenda and proposals for resolution, the proposed candidate for election to the Supervisory Board and the organisation of a virtual general meeting in accordance with the new coronavirus legislation. Management Board matters, specifically various remuneration issues, were also discussed and resolutions passed. The Management Board reported on the successful issue of corporate bonds.

The focus of the Supervisory Board meeting on **6 May 2020** was on committee reports, Management Board matters, particularly remuneration, current performance, approval of an investment project and various other projects.

The meeting on **5 June 2020** took place after the Annual General Meeting and so after the departure of Dr Andreas Kretschmer and the election of Kerstin Günther. New elections were held for the Supervisory Board committees and the virtual Annual General Meeting was discussed.

At the meeting held on **19 June 2020** the Supervisory Board examined and approved a disposal project.

The main elements of the meeting on **18 September 2020** were committee reports and the discussion of current performance in the first half of 2020, project development business, Management Board matters and the definition of a new target for the proportion of female Management Board members. The DPR audit of Deutsche Wohnen SE, its carbon footprint and other ESG topics were also discussed.

The meeting on **9 November 2020** concentrated primarily on committee reports, company performance, particularly on the basis of the third quarter 2020 report, approval to acquire development projects and data protection matters.

At its meeting on **15 December 2020** the Supervisory Board dealt particularly with approval of the business plan for 2021 and the joint declaration, with the Management Board, of compliance with the German Corporate Governance Code. Aspects of Management Board remuneration were also on the agenda.

The Supervisory Board meeting on **21 December 2020** continued the discussion of the declaration of compliance, which was adopted in agreement with the Management Board. The Supervisory Board also dealt with Management Board matters and a change to the Rules of Procedure for the Supervisory Board.

Supervisory Board committees

The Supervisory Board has formed committees in order to perform its responsibilities efficiently. They each have three members and their work, as well as the need for them, is reviewed continuously by the Supervisory Board.

There were three committees in the reporting year:

- Executive and Nomination Committee,
- Audit Committee, and
- Capital Markets and Acquisition Committee.

The members and tasks of the committees are described in detail in the Corporate Governance Declaration.

Corporate Governance Declaration

Generally speaking, the committees prepare the Supervisory Board resolutions and subjects for discussion by the full Supervisory Board. Decision-making authority has been delegated to individual committees by the Rules of Procedure or Supervisory Board resolutions, to the extent permitted by law. The committee chairs reported in the Supervisory Board meetings regularly and fully on the contents and results of committee meetings.

The **Executive and Nomination Committee** met three times in the reporting year. The contents of the meetings, which were held as conference calls, were succession planning and candidates for election to the Supervisory Board, as well as Management Board remuneration, particularly the AOP 2014. At the meetings in April 2020 the committee particularly dealt with its recommendation for the election of a Supervisory Board member.

The **Audit Committee** met five times in the reporting year to discuss relevant aspects of the Supervisory Board's work. They included the preliminary review of the separate and consolidated financial statements and the interim reports by Deutsche Wohnen SE, as well as discussions of the risk management system, compliance and internal auditing. It gave the Supervisory Board a recommendation on the election of auditors for 2020, obtained a statement of independence from them, monitored their work and discussed the focal points of the audit. Two resolutions on engaging the firm of auditors to perform non-audit services were also adopted in writing. The members of the Audit Committee have expertise and experience in the application of accounting principles and internal control procedures. The committee Chair fulfils all the requirements of section 100 para. 5 German Stock Corporation Act [Aktiengesetz – AktG].

The **Capital Markets and Acquisition Committee** met four times in the reporting year, always by phone or video conference. Tina Kleingarn was elected as committee Chair in June 2020 when the committee reconvened with new members. Discussions in September 2020 focused on terminating the share buyback programme. A debate on acquisitions and the Annual General Meeting 2021 was held in October 2020. At the meeting in December 2020 the committee dealt mainly with acquisition matters.

Corporate Governance

The Supervisory Board monitored and discussed the ongoing development of the company's own corporate governance standards, paying particular attention to the 2020 revision of the German Corporate Governance Code (GCGC). Detailed information about the company's corporate governance is provided in the Corporate Governance Declaration, and about the structure and amount of Supervisory Board and Management Board remuneration in the remuneration report. Both reports form part of the Annual Report and are published on the company website.

Remuneration report from page 76

The Management Board and Supervisory Board discussed the requirements of the applicable German Corporate Governance Code for the reporting year and the implementation of these requirements. They updated their joint declaration of compliance in accordance with section 161 German Stock Corporation Act [Aktiengesetz – AktG] in December 2020 and made it permanently available on the company website www.deutsche-wohnen.com/declaration-of-conformity

Declaration of Conformity

It is vital for the Supervisory Board that a reasonable number of its members is independent. After careful review it has ascertained that the all Supervisory Board members are to be considered independent. Further information on these considerations can be found in the Corporate Governance Declaration.

Any potential conflicts of interest are disclosed without delay by members and discussed by the Supervisory Board. There were no conflicts between the interests of individual board members and those of the company in 2020.

The Supervisory Board reviews the efficiency of its work on a regular basis, most recently in December 2019. Opinions were obtained by means of a questionnaire on meetings of the full Supervisory Board and its committees, the exchange of information with the Management Board, staffing competence, risk management and accounting. The Supervisory Board analysed the responses at the meeting on 13 December 2019 noted that the gremium was working effectively, and discussed the suggestions made.

New Supervisory Board members are supported by the company and the other Supervisory Board members when they begin their term of office and provided with the necessary information. Professional training and refresher courses are not organised collectively but are the responsibility of each individual board member, who receive appropriate support from the company on request. Members of the Supervisory Board attended professional training courses on an individual basis in 2020.

In line with the wishes of investors and the corresponding recommendation of the GCGC, the Chairman of the Supervisory Board held meetings with investors in 2020 on corporate governance topics affecting the Supervisory Board.

Audit of the separate and consolidated financial statements

KPMG provided an unmodified opinion.

The financial statements of Deutsche Wohnen SE as of 31 December 2020 and the consolidated financial statements together with the combined management report as prepared by the Management Board were audited by KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin; the auditors elected at the Annual General Meeting on 5 June 2020 and appointed by the Supervisory Board. The auditors raised no objections in their report. The auditors responsible were Haiko Schmidt and René Drotleff, responsible for the audit of the financial statements of the company and the group since 31 December 2016.

The financial statements of Deutsche Wohnen SE and the consolidated financial statements, the combined management report for Deutsche Wohnen SE and the Group, and the auditors' report were provided to all Supervisory Board members without delay. The auditors attended the meetings of the Audit Committee on 26 February 2021 and 22 March 2021 to prepare for the Supervisory Board meeting to discuss the financial statements. They reported on the main findings of their audit, particularly the key audit matters defined for this year, and provided additional information. The Supervisory Board also reviewed the non-financial group statement. It was supported by KPMG AG, Wirtschaftsprüfungsgsellschaft, which was appointed to perform a management review. After in-depth discussions the Audit Committee approved the result of the audit of the financial statements, the consolidated financial statements and the combined management report.

At the Supervisory Board meeting on 22 March 2021 the Chair of the Audit Committee reported in full on the financial statements and the audit. The auditors also presented the main results of their audit and were available to the Supervisory Board members to answer questions and provide further information. The Supervisory Board carried out a careful review of the financial statements, the consolidated financial statements, the combined management report, the non-financial group statement, the proposal for the use of net profit and the auditors' report. No objections were raised. In accordance with the recommendation of the Audit Committee the Supervisory Board then approved the separate and consolidated financial statements as of 31 December 2020 as prepared by the Management Board. The separate financial statements are thereby adopted.

The separate financial statements as adopted show a net profit. The Supervisory Board concurs with the Management Board's proposal for the use of net profit. A proposal to pass a resolution approving the distribution of a dividend of EUR 1.03 per share with dividend rights will therefore be made to the Annual General Meeting 2021.

Changes in the Supervisory Board and Management Board

The Annual General Meeting on 5 June 2020 elected Kerstin Günther to the Supervisory Board to succeed Dr Andreas Kretschmer, whose period of office ended at the close of the Annual General Meeting on 5 June 2020. The Supervisory Board elected Arwed Fischer to succeed Dr Andreas Kretschmer on the Executive and Nomination Committee and the Capital Markets and Acquisition Committee. The Supervisory Board elected Kerstin Günther to the Audit Committee to succeed Matthias Hünlein, who left the committee.

There were no changes in the members of the Management Board of Deutsche Wohnen SE in 2020.

Acknowledgements

On behalf of the Supervisory Board I thank the members of the Management Board and all employees of Deutsche Wohnen SE and all Group companies for their great dedication and all their hard work in a year defined by the challenges of the coronavirus pandemic.

Berlin, 22. March 2021

On behalf of the Supervisory Board

Matthias Hünlein

Combined management report

FUNDAMENTAL ASPECTS OF THE GROUP

The Group's business model

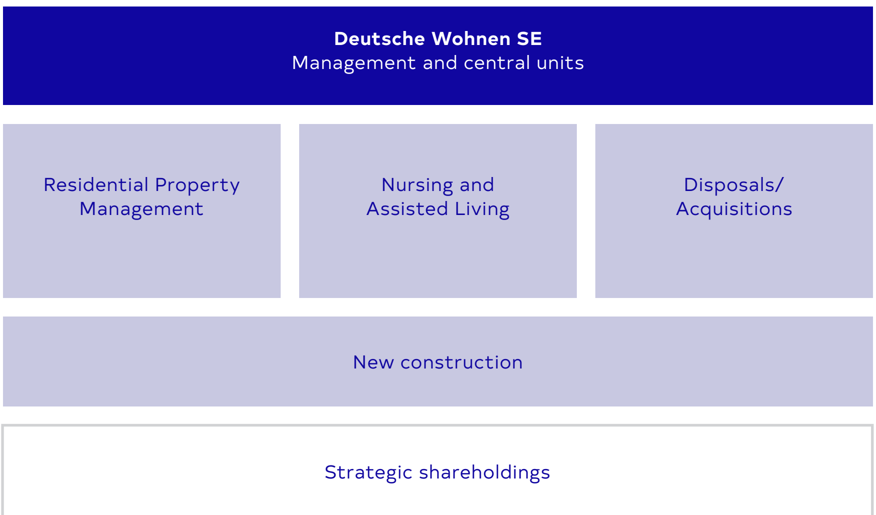
Deutsche Wohnen SE, including its subsidiaries (hereinafter referred to as "Deutsche Wohnen" or "Group") is currently the second-largest publicly listed property company in Europe by market capitalisation. The company is listed in the DAX of the German stock exchange.

Its property portfolio comprises approximately 160,000 residential and commercial units and has a fair value of some EUR 26.2 billion[1]. Our property portfolio also includes nursing properties with a fair value of around EUR 1.2 billion comprising approximately 10,580 beds and apartments for assisted living. The focus of our investment is on residential properties in metropolitan areas and conurbations in Germany. Economic growth, positive net immigration and insufficient new building activity in these regions form the basis for the further development of our portfolio value. We see the addition of nursing properties as another growth area, particularly in view of the demographic trends.

EUR 26.2 bn
total fair value of our property portfolio

Organisation and Group structure

Deutsche Wohnen SE is structured as a classic holding company. A distinction is made in organisational terms between management and asset companies.



Residential Property Management

Our portfolios are largely managed by our wholly owned subsidiaries. Our activities include the management of tenancy agreements, account management, the technical maintenance of holdings and the development of our portfolio. Infrastructural facility management services comprise on-site quality management by our own staff and above all the traditional caretaker services such as safety checks, ensuring that the neighbourhood is clean and tidy, assistance with administrative tasks and inspections of vacant units.

Our core business is the management of our own properties.

1 Excluding advance payments, units under construction and undeveloped land

Nursing and Assisted Living

Retirement and nursing facilities are managed under the brand names KATHARINENHOF and PFLEGEN & WOHNEN HAMBURG. These facilities offer full in-patient care, with the aim of maintaining the residents' active lifestyle and independence to the greatest possible extent. Additional services for older residents are also offered in our assisted living facilities.

Alongside Nursing and Assisted Living and Disposal / Acquisition, New Construction is another of our core business segments.

Disposals/Acquisitions

We release capital by means of privatisation programmes in strategic core and growth regions and so boost our liquidity. Given the currently positive market environment, we also carry out opportunistic block sales to institutional investors from our Core^{+} and Core regions.

At the same time we continuously review suitable acquisition opportunities for properties and land in metropolitan areas and conurbations.

New construction

By developing new projects with our subsidiaries Deutsche Wohnen Construction and Facilities GmbH and ISARIA München Projektentwicklungs GmbH we create new property portfolios in strategic core and growth regions. Properties are also developed for sale. The range of services includes land purchasing, legal preparations for the planning process, project conception, site management and the tracking of construction warranties.

With our subsidiaries, we are creating new property in the strategic core and growth regions.

Deutsche Wohnen also holds 40% of QUARTERBACK Immobilien AG, a project development company based in Leipzig.

Strategic shareholdings

In addition to our core business segments we offer property-related services via subsidiaries and strategic investments. This strengthens our contacts to our customers and ensures the quality of our services.

Property-related services expand our value chain and strengthen our contact with our customers.

It enables us to ensure customer-focused portfolio management and offer property-related services. At the same time we can extend our value chain and secure access to innovative technologies. The business areas include energy management for our properties, multimedia business and technical facility management.

Group strategy

The German property market is experiencing an ongoing upswing. Metropolitan areas and conurbations are highly attractive as prosperous economic regions and are becoming population centres with a high population density. Immigration, growth rates and incomes are rising here, making these areas more innovative and more competitive. As a result demand for residential and commercial properties is high and currently not met by the corresponding level of new building activity.

We are also seeing demand for higher standards from our customers: modern fittings, new technologies and property-related services are all becoming increasingly important.

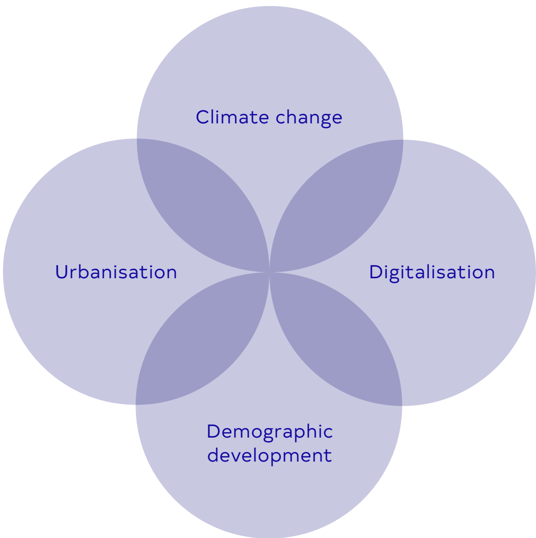
Changing needs and many challenges are shaping property markets.

The immediate residential and working environment is also decisive for many people. Transport links, facilities for day-to-day needs, leisure opportunities, schools, childcare, cultural activities, medical facilities, etc. make a key contribution to the quality of life.

Demographic developments and the ageing society they imply are another challenge for the property markets. Our aim is therefore to expand our residential offering in line with growing needs and to combine comfort and in-house care as well as possible.

Finally, the property industry is faced with a major task in terms of saving energy. This is a key lever for achieving global climate goals. Through energetic refurbishments and new construction Deutsche Wohnen is able to make an important contribution.

Challenges for the property market



Our aim:
To provide sustainable, liveable housing and neighbourhood strategies for people in metropolitan areas

By focusing on metropolitan areas and conurbations in Germany, Deutsche Wohnen has for years been concentrating its portfolio in fast-growing markets, in which it provides housing where it is needed. Around 93% of our properties by number are situated in our Core^{+} regions. Some 7% of the properties are in Core regions.

We continuously improve the quality and ongoing viability of our portfolio by means of investments in our properties. In view of the climate protection targets, we consider that we have a responsibility to increase the energy efficiency of our properties and so make our own contribution to achieving these climate goals. At the same time we are highly dependent on the regulatory environment.

Our investments do not stop at the front door. We know how important a pleasant residential and working environment is for our customers and so design our estates from a holistic perspective – from the grounds and infrastructure through to energy supplies. We develop appropriate concepts for specific target groups and endeavour to improve our service quality continuously.

We take a holistic perspective on our neighbourhoods and aim to improve the quality of our service on an ongoing basis.

We are convinced that only new building can relieve the pressure on property markets. For this reason we are planning significant investments in new construction in the years ahead, in order to create additional housing in our core regions. Our objective is to develop sustainable and high-quality properties that meet the needs of their users and are fit for the future.

We strive for organic growth and improve the quality of our portfolio by active portfolio management. This includes the selective acquisition and disposal of assets. When buying assets we concentrate on high-quality properties where we see development potential. Acquisitions via our platform also enable us to achieve economies of scale. When disposing of assets we focus on properties which we think have less development potential and those where the quality and/or location is below average. The resulting cash flow is available for investments in our company, and particularly in our property portfolio and new construction.

Active portfolio management allows us to acquire the financial resources to invest in our property portfolio and new construction.

Acting with foresight

In view of the long investment cycles and comparatively short innovation cycles in the property sector, it is vital to identify and address future challenges and opportunities as early as possible.

We therefore intend to keep developing our value chain by expanding our range of property-related services. This entails opening up new property-related business area by means of strategic equity investments.

In view of demographic developments and the increasing need for nursing places and assisted living, we are also continuously increasing our investments in the Nursing and Assisted Living segment. Our focus is on the quality of the properties, as well as that of the nursing care and assisted living services. We are also focusing our nursing care business on towns and regions with positive development forecasts.

Our dividend policy is moderate and sustainable and leaves the company with the funds it needs to maintain and increase the value of our portfolio.

We have a solid capital structure and conservative leverage. The rating agencies give us credit ratings of A3 (Moody's) and A- (Standard & Poor's), both with a negative outlook. We intend to keep strengthening our market position going forward by means of a sustainable investment and dividend policy.

Our sustainable investment and dividend policy strengthens our position on the market.

Group management

The company is managed at several levels:

All primary performance indicators undergo a benchmark analysis every quarter.

At **Group level** all revenues and cash flows are aggregated and measured quarterly for the primary management indicators FFO I (Funds from Operations before Disposals), EPRA NAV (Net Asset Value) and LTV (Loan to Value). Segments are managed by reference to the primary performance indicator of segment earnings. All the primary management indicators are benchmarked quarterly and serve to evaluate Deutsche Wohnen's competitive position.

Operational segment management also relies on other segment-specific performance indicators:

In the **Residential Property Management segment** the indicators used by management are the rent per square metre and the vacancy rate, differentiated by defined portfolios and/or regions. They also track the volume and earnings from new letting and changes in rent-related costs such as maintenance costs, letting and operating costs and rental losses. All the parameters are analysed monthly and compared with the corresponding budget figures.

The **Disposals segment** is managed using sales prices per square metre and the margin as the difference between the IFRS carrying amount and the sales price. The values measured are compared with the budget and the market and adjusted as necessary.

In the **Nursing Operations segment** KATHARINENHOF and PFLEGEN & WOHNEN HAMBURG generate internal growth largely by increasing nursing care and occupancy rates at the nursing facilities with in-patient care. To measure the operating profitability of nursing properties the segment is primarily managed by reference to EBITDA before lease income.

The **Nursing Properties segment** mainly generates rental income. The profitability of nursing properties is mainly measured using EBITDA.

The Management Board is informed of trends in all management indicators every month.

Other operating expenses such as staff, general and administration expenses, as well as non-operating variables such as finance expenses and taxes, also form part of the central planning and management system and the monthly report to the Management Board. Here, too, current performance is tracked at Group level and compared with the budget figures.

Current finance expenses are very important, since they have significant effect on profit/loss for the period and cash flow. Our active ongoing management of the loan portfolio is aimed at optimising the long-term capital structure and financial result.

We use the indicator FFO I to measure cash flow from operating activities and its performance against budget. FFO I is based on EBITDA excluding earnings from Disposals and is then adjusted up or down for non-recurring effects, financial income and expenses, and tax income and expenses with an impact on cash flow.

The regular reports enable the Management Board and specialist departments to measure the Group's financial performance and compare it with the figures for the previous month, the previous year and the budget. Updating the budget accordingly also makes it possible to forecast future performance. Opportunities and any adverse developments can be swiftly identified and steps taken to exploit the opportunities or countervail the negative trends.

The Group's performance is assessed based on regular reports.

Property portfolio

Overview of portfolio and portfolio strategy: residential properties

Deutsche Wohnen manages one of the largest property portfolios in Germany, comprising approximately 155,400 residential and 2,900 commercial units (approximately 4% of its overall usable space) and generating annualised rental income of around EUR 790 million. We focus on fast-growing metropolitan areas and conurbations, which are known as Core+ markets, and make up around 93% of the portfolio.

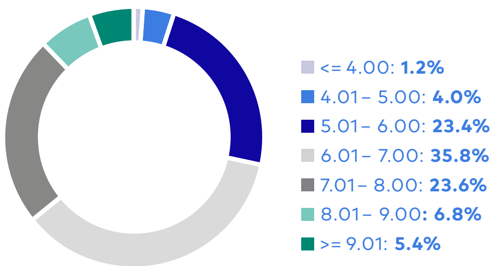
We manage one of the largest real estate portfolios in Germany.

At the end of 2020, the average in-place rent for the properties in Deutsche Wohnen's portfolio amounted to EUR 6.71 per sqm, with a consistently low vacancy rate of 1.7%.

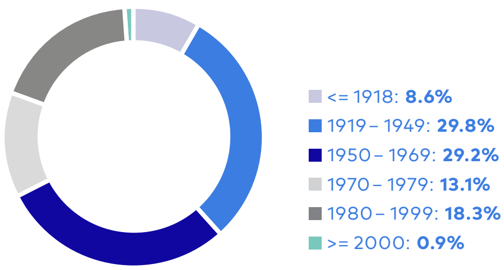
In line with our focused portfolio strategy, our properties are largely concentrated within prosperous metropolitan areas and conurbations with upwards of 500,000 inhabitants. Our core market is Greater Berlin, where approximately 114,200 residential units and approximately 1,800 commercial units are located. This represents around 73% of all our residential units and some 76% of total fair value. Existing rents for around 65% of our apartments are up to EUR 7.00 per sqm, putting us as landlords in the mid-market segment. One- and two-room apartments account for about 57% of our portfolio. The proportion of one- and two-person households is correspondingly high.

The following charts provide an overview of the structure of material portfolio characteristics.

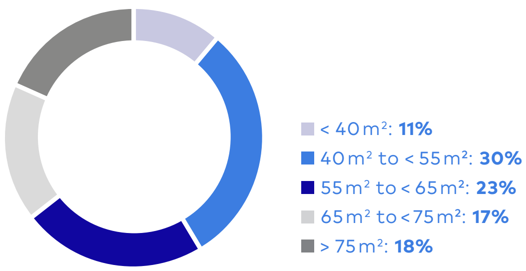
In-place rent EUR/sqm



Year built



Size of unit



The starting point for our portfolio management is the segmentation of our properties: we carry out a macroanalysis to divide the portfolio into Core+, Core and Non-Core locations on the basis of location studies. It analyses the appeal and future prospects of the locations based on macroeconomic, sociodemographic and property-specific data.

As part of the macrocluster update and revision of regional clusters, the following adjustments were made: due to streamlining disposals in the regional cluster Hanover/Brunswick, and based on continuing growth in the region, the cluster was upgraded from Core to Core+. The Rhineland and Mannheim/Ludwigshafen clusters have also been eliminated due to disposals and added to the “Other” cluster. The regional cluster Cologne/Düsseldorf has also been added. The cluster Rhine-Main was renamed to Frankfurt.

31/12/2020					Residential		Commercial
Macroclusters and regions	Residential units	Area	Share of total portfolio	In-place rent[1]	Vacancy rate	Commercial units	Area
	number	in thousand sqm	in %	EUR/sqm	in %	number	in thousand sqm
Core+	**144,812**	**8,668**	**93.1**	**6.75**	**1.7**	**2,699**	**387**
Greater Berlin	114,191	6,772	73.4	6.53	1.3	1,843	237
Dresden/Leipzig	10,585	690	6.8	6.35	3.0	552	81
Frankfurt	9,604	577	6.2	8.88	2.8	147	26
Hanover/Brunswick	5,915	367	3.8	6.47	2.8	69	31
Cologne/Düsseldorf	2,893	166	1.9	9.22	3.5	67	8
Other Core+	1,624	95	1.0	9.14	1.5	21	4
Core (other)	**10,378**	**661**	**6.7**	**6.19**	**1.9**	**177**	**23**
Non-Core	**218**	**14**	**0.1**	**5.93**	**2.3**	**0**	**0**
Total	**155,408**	**9,343**	**100.0**	**6.71**	**1.7**	**2,876**	**410**

1 Contractually owed rent for let apartments divided by let surface area

In addition, we place our locations in one of three categories, on the basis of a microanalysis: “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 seeing constant but less dynamic growth. “Stable” locations are only displaying moderate growth.

The share of the “hotspot” and “growth” clusters improved from around 71% in 2016 to around 81% in 2020, thanks to the acquisition and disposal policy (2019: 79%).

Property portfolio by location/microcluster

31/12/2020

Cluster	Micro location	Residential units	Share of fair value	In-place rent	Fair value	Vacancy rate
		number	in %	EUR/sqm	EUR/sqm	in %
Core^{+}		**144,812**	**96.0**	**6.75**	**2,774**	**1.7**
	Hotspot	39,342	31.8	7.03	3,389	1.8
	Growth	71,236	46.1	6.93	2,774	1.9
	Stable	34,234	18.1	6.11	2,100	1.1
Core		**10,378**	**4.0**	**6.19**	**1,519**	**1.9**
	Hotspot	111	0.1	6.62	1,705	8.0
	Growth	8,760	3.4	6.28	1,560	1.7
	Stable	1,507	0.5	5.67	1,261	2.4
Non-Core		**218**	**0.1**	**5.93**	**1,059**	**2.3**
Total		**155,408**	**100.0**	**6.71**	**2,683**	**1.7**

Portfolio development

We optimised our portfolio further by means of selective acquisitions and disposals in 2020. Alongside acquisitions of property in Core^{+} regions, disposals were mostly made in Core locations.

Acquisitions

In 2020 we signed contracts for around 2,500 residential and commercial units for a total purchase price of approximately EUR 485 million. They are largely in Core^{+} markets. The acquisitions were mostly late 19th century *Gründerzeit* houses and post-war *Altbau* buildings in central locations, which make a further contribution to improving the quality of our portfolio.

Deutsche Wohnen also expanded its new construction business significantly in 2020. This included the acquisition of 13 construction projects from Munich-based ISARIA Wohnbau AG, with a total of some 2,700 planned residential units. Deutsche Wohnen also acquired a 40% equity stake in QUARTERBACK Immobilien AG. The project pipeline of the project developer from Leipzig comprises almost 85 projects with almost 9,000 planned residential units as of the reporting date.

Disposals

In 2020 we sold and transferred the risks and rewards for a total of 8,856 residential units. Of these, 233 apartments were sold as part of the privatisation programme while institutional sales accounted for 8,623. The majority of disposals result from a portfolio sale to LEG Immobilien AG, which primarily comprised locations in the regions Mannheim/Ludwigshafen, Rhineland and Hanover/Brunswick.

For further details of the segment earnings from Disposals, please refer to the combined management report.

Disposals segment from page 37

Operating performance

In the context of cash-flow-based rent growth, like-for-like rent[1] rose by around 1.3% in 2020.

The effects of the Berlin rent freeze saw area-based like-for-like rent fall by 4.1% to EUR 6.70 per sqm for the total portfolio in the reporting period. Without the impact of the Berlin rent freeze cap, like-for-like rental growth was 1.6%.

The like-for-like vacancy for the whole portfolio was unchanged with 1.7% on a very low level. Of the total vacancies, 0.6% were due to refurbishment as part of our investment programme.

Like-for-like		31/12/2020	31/12/2019		31/12/2020	31/12/2019
Macroclusters and regions	Residential units	In-place rent[1]	In-place rent[1]	Change	Vacancy rate	Vacancy rate
	number	EUR/sqm	EUR/sqm	in %	in %	in %
Total	**152,494**	**6.70**	**6.99**	**–4.1**	**1.7**	**1.7**
Core+	**142,540**	**6.74**	**7.05**	**–4.4**	**1.7**	**1.7**
Greater Berlin	113,571	6.52	6.95	–6.1	1.3	1.4
Dresden/Leipzig	9,170	6.31	6.12	3.0	3.1	3.9
Frankfurt	9,599	8.88	8.76	1.3	2.8	1.7
Hanover/Brunswick	5,914	6.47	6.35	1.8	2.8	2.8
Cologne/Düsseldorf	2,662	9.25	9.18	0.8	3.5	5.2
Other Core+	1,624	9.14	9.05	1.0	1.5	0.9
Core (other)	**9,736**	**6.18**	**6.08**	**1.8**	**1.8**	**2.1**
Non-Core	**218**	**5.93**	**5.86**	**1.2**	**2.3**	**2.3**

1 Contractually owed rent for let apartments divided by let surface area

Portfolio investment

In the financial year 2020 we spent around EUR 365 million, or approximately EUR 36 per sqm, on maintenance and refurbishment.

In 2020 we invested around EUR 36 per sqm for maintenance and refurbishment measures.

EUR 105 million, or around one-third, was for maintenance and around two-thirds for refurbishment, which particularly includes energy-saving improvements to the fabric of the building and the technical installations. Of the total refurbishment costs of EUR 260 million, around EUR 104 million were for work completed between tenancies and EUR 156 million were for complex refurbishment projects. Complex refurbishment projects usually comprise around 70% capitalised maintenance and around 30% recoverable refurbishment expenses.

1 Self-managed units that were kept in the portfolio throughout the past twelve months

In comparison to the previous year refurbishments are down by 30%. This results on one hand from lower tenant churn, and on the other from restraints regarding complex refurbishments driven by regulatory uncertainty and delays in time due to the Covid 19 pandemic. In addition to the portfolio investments EUR 116.4 million were invested in new construction.

As part of our portfolio investments, we have spent around EUR 1.8 billion on portfolio refurbishment and conservation over the past five years.

The following table shows maintenance and refurbishment expenses for the past financial year and the same period in the previous year:

EUR m	2020	2019
Maintenance	**105.0**	**102.4**
in EUR per sqm	10.39[1]	9.92[1]
Refurbishment	**260.4**	**366.7**
in EUR per sqm	25.76[1]	35.53[1]
Maintenance and refurbishment	**365.4**	**469.1**
in EUR per sqm	36.15[1]	45.45[1]

1 Based on the average surface area on a quarterly basis in each period

In case of complex investments we proceed in a socially minded way.

For complex investments we believe it is important to proceed in a socially minded way and to engage in direct dialogue with our tenants. We have already successfully concluded several agreements with Berlin districts that include comprehensive strategies for socially responsible performance of maintenance and refurbishment projects. Furthermore, in the promise it made to its tenants on 1 July 2019, Deutsche Wohnen committed to ensuring that the gross rent, including heating charges, after refurbishment (section 559 German Civil Code – Bürgerliches Gesetzbuch [BGB]) does not exceed 30% of the household's net income.

Project development

With its acquisitions in project development, Deutsche Wohnen has an expected project pipeline with a total investment volume of around EUR 4.1 billion with a total of around 9,000 planned residential units and 1,000 commercial units. These projects are planned for the company's own portfolio. In addition, Deutsche Wohnen has a 40% share in QUARTERBACK Immobilien AG. QUARTERBACK Immobilien AG's project developments are primarily sold to institutional investors prior to completion. Increased investment in new residential construction reflects the necessity of tapping into growth potential outside of the increasingly scarce supply of existing portfolios. Deutsche Wohnen is therefore making a growing contribution to tackling the housing shortage.

Portfolio valuation

The strong demand for property persisted in 2020 in spite of the pandemic and was met with a consistently low level of supply. The pressure to invest specifically triggered by the extraordinary interest situation is reflected in a revaluation of our property portfolio to the amount of around EUR 1.7 billion in total as of 31 December 2020, whereby in Berlin, despite the "rent cap", price rises significant.

Demand for property remained high in 2020.

The valuation result was confirmed by way of an external appraisal from Jones Lang LaSalle.

The overview below shows key valuation figures for our property portfolio as of 31 December 2020:

Macrocluster and regions	Residential	Fair value	Share of fair value	Fair value	Multiple in-place rent	Multiple market rent
	number	EUR m	in %	EUR/sqm		
Core+	**144,812**	**25,114**	**96.0**	**2,774**	**34.0**	**29.2**[1]
Greater Berlin	114,191	19,999	76.4	2,853	36.0	31.5[1]
Dresden/Leipzig	10,585	1,808	6.9	2,343	31.0	25.0
Frankfurt	9,604	1,798	6.9	2,979	28.3	22.2
Hanover/ Brunswick	5,915	684	2.6	1,720	21.8	18.2
Cologne/ Düsseldorf	2,893	573	2.2	3,302	30.8	25.1
Other Core+	1,624	254	1.0	2,545	23.3	19.6
Core (other)	**10,378**	**1,039**	**4.0**	**1,519**	**20.5**	**17.5**
Non-Core	**218**	**15**	**0.1**	**1,059**	**14.9**	**11.7**
Total	**155,408**	**26,168**	**100.0**	**2,683**	**33.1**	**28.4**[1]

1 Informative value is limited due to Mieten WoG Bln (Berlin rent freeze law).

Energy efficiency of properties

Most of Europe's consumption of energy relates to existing buildings. Through our comprehensive refurbishment measures we are gradually increasing the energy efficiency of our properties.

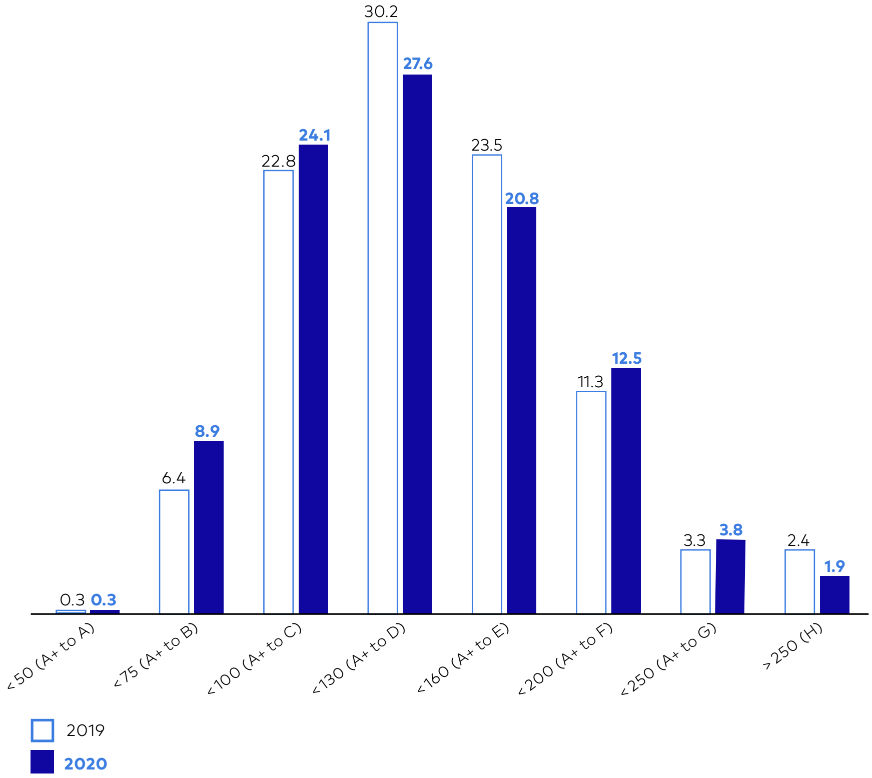
The current energy consumption of approximately 62.4% of our residential units is lower than the average in Germany.

The current consumption level of approximately 62.4% of our residential units is lower than the average for residential buildings in Germany (133.0 kWh/sqm per year[2]). Approximately 33% 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 125.1 kWh/sqm per year, a further improvement year-on-year (2019: 128.9 kWh/sqm).

2 Source: BMWi, 2019a, 107

Energy intensity of residential units

Classification into energy efficiency classes[1] by final energy requirements in kWh/sqm in %



1 Weighted average of final energy consumption based on latest available energy score cards for properties. Variations of around 20 kWh in final energy consumption may arise if the type of heating is not determined. Attribution to energy efficiency classes is therefore only an approximation of the EnEV classification. 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.

Nursing Assets

The Nursing and Assisted Living business field consists of 77 nursing properties with a total of some 10,580 beds. A total of 76 of these nursing assets are owned by Deutsche Wohnen. This makes us one of the largest owners of nursing assets in Germany.

We have two different business models for our nursing operations: 38 nursing facilities (approximately 5,440 beds) are operated by KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH and its subsidiaries, and by PFLEGEN & WOHNEN HAMBURG GmbH. The other 39 facilities (approximately 5,140 beds) are managed by various external operators on long-term contracts.

As in the residential segment, we focus our nursing care activities on cities and regions with positive development forecasts, since the need for nursing care and assistance services (full in-patient care and assisted living combined with outpatient and part-time in-patient care) is particularly high there. In this context we particularly ensure that we secure prime assets and high-quality nursing and residential care and service. We will therefore be increasing our investments in new construction projects and by means of selective acquisitions in our strategic target regions.

To streamline our portfolio we signed contracts for the disposal of 13 nursing assets with some 1,700 beds or assisted living units as of year-end 2019. This particularly entailed the disposal of nursing assets that are not situated in our strategic target regions and are subject to structural and regulatory restrictions. The transaction was completed in the second and third quarters of 2020.

Demographic developments mean that the market for nursing care in Germany will continue to grow in future. We intend to expand the Nursing segment up to 15% of Group EBITDA, primarily by means of selected acquisitions and new construction. As of year-end 2020 it contributed some 12% of EBITDA, including the new acquisitions.

German nursing care market on page 26

Nursing business: assets and operations

Nursing properties operated by KATHARINENHOF and PFLEGEN & WOHNEN HAMBURG 2020

				Beds[1]		
Region	Facilities	Nursing	Assisted living	Total	Occupancy 31/12/2020[2]	Fair value 31/12/2020
	number	number	number	number	in %	EUR m
Hamburg region	17	3,170	160	3,330	82.9	354.1
Berlin region	12	1,070	360	1,430	96.0	207.0
Saxony region	9	620	60	680	86.7	49.8
Total participation model	**38**	**4,860**	**580**	**5,440**	**86.9**	**610.9**[3, 4]

1 The figure for beds is rounded to the nearest ten, because assisted living units can be used as care beds and double rooms used as single rooms, depending on market demand.
2 Occupancy in Hamburg is declining especially due to ongoing modernisation or rather new construction. Occupancy in Saxony includes a new facility just opened in December.
3 Relates to 37 facilities
4 Excluding advanced payments, units under construction, undeveloped land and rights of use in connection with leases, which are valued in accordance with IAS 16 or IAS 40

Nursing assets with other external operators 2020

				Beds[1]		
Federal state	Facilities	Nursing	Assisted living	Total	WALT[2]	Fair value 31/12/2020
	number	number	number	number		EUR m
Bavaria	12	1,480	50	1,530	8.6	123.9
North Rhine-Westphalia	9	1,000	240	1,240	12.6	179.6
Rhineland-Palatinate	3	390	120	510	11.0	52.9
Baden-Württemberg	4	490	10	500	8.4	45.6
Lower Saxony	1	110	0	110	9.8	17.0
Hesse	4	530	0	530	8.7	93.9
Other	6	720	0	720	6.9	76.1
Total external operators	**39**	**4,720**	**420**	**5,140**	**9.7**	**589.0**[3]
Total nursing	**77**	**9,580**	**1,000**	**10,580**		**1,199.9**

1 The figure for beds is rounded to the nearest ten, because assisted living units can be used as care beds and double rooms used as single rooms, depending on market demand
2 Weighted Average Lease Term
3 Excluding advance payments, units under construction and undeveloped land

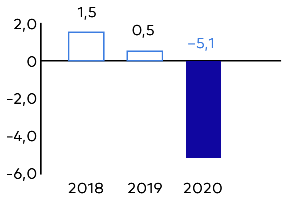
ECONOMIC REPORT

Economic environment

German economy hit by the coronavirus pandemic

German economy shrinks by 5.1%: The German economy was severely impacted by the pandemic in 2020, and suffered one of its biggest recessions in post-war history. While the summer saw a strong recovery, the subsequent rise in infection levels and new lockdown measures brought this to a temporary end. Numerous industries have seen their earnings take a huge hit. German exports have also been impacted by the struggling global economy.[1]

Changes in economic growth (GDP)
over a 3-year period in %[1]



Labour market under huge pressure: The German labour market came under significant pressure in 2020 as a result of the pandemic. Levels of employment and work subject to social security contributions fell dramatically, while unemployment and underemployment (not including short-time working) shot up. Widespread uptake of short-time working measures had a stabilising effect. The unemployment rate was 5.9% in December 2020 – up 1.0% on the previous year. The yearly average number of people in work (based on working location) was down by 477,000 on the previous year, falling to 44.79 million. The last time employment fell was in 2005.[2]

Lower gross wages and salaries: Gross wages and salaries in Germany fell by 1.6% in 2020. This was largely down to the fall in employment caused by the pandemic. Net wages and salaries fell by 1.0% in the same period.[1]

Base rates reached record low levels: The European Central Bank (ECB) left the base interest rate at 0% in 2020, the record low in place since March 2016, and continued its expansionary monetary policy. This creates a favourable environment for investment and financing especially, and also in the property sector.

No population growth in Germany: According to current estimates from the Federal Statistical Office (Destatis), Germany had a population of 83.2 million at the end of 2020. This meant there was no growth in population for the first time since 2011. This is due to reduced net migration and an increased death rate, combined with a slightly lower forecast birth rate. Without the rises in immigration during recent years, the population would have fallen continually since 1972, as the number of people who died has exceeded the number of people born every year since.[3]

Housing drives the construction sector: Real investment in building increased by some 3.0% in the German housing industry in 2020. Accordingly, housing construction remains the central pillar of building investment. This is the result of ongoing advantageous conditions and attractive financing facilities, as well as the temporary VAT cut.[4]

1 DIW, weekly report 50/2020
2 Federal Statistical Office, monthly report on the labour and training market, December 2020
3 Federal Statistical Office, press release 016 from 12 January 2021
4 DIW, baselines of the economic development winter 2020

Berlin is also being hit by the pandemic: Following a significant collapse in the first half of 2020 caused by the outbreak of coronavirus, the Berlin economy recovered faster than expected in the third quarter. However, new restrictions on public and private life at the end of the year had a negative impact once again. Berlin's GDP is expected to record a fall of around 6% for 2020; however, in 2021, the economy is expected to recover by 4%. The labour market also felt the effects of the pandemic: in October 2020, the unemployment rate was 10.2%, far above the German national average. The number of employees subject to social security contributions, however, rose to 1.55 million in August 2020; Berlin led among the federal states, with figures 1.0% above the national average.[5]

The economy in Berlin is expected to recover by 4%.

German housing market remains stable despite the crisis

German residential property still in high demand: The German residential property investment market reached its second-highest transaction volume since 2015 in the past year. The transaction volume of residential properties and portfolios came to around EUR 21.7 billion and approximately 164,500 units, according to estimates from JLL. This represented a rise of 9% on the previous year and exceeded the start-of-year forecast of EUR 18.7 billion. The increase in units traded contributed significantly to the growth in volume, and is evidence of livelier market activity.[6]

Transaction volume of residential properties rose by 9%.

Continued focus on investment in Berlin: The first nine months of 2020 saw Berlin secure the second-largest share of all residential portfolio investments after North Rhine-Westphalia once again with 13.8%. Supply is also expected to grow in the capital in the coming months, where a large number of investors continue to consider long-term growth potential to be high.[7]

Shortage of available housing persists: The Federal Institute for Research on Building, Urban Affairs and Spatial Development [Bundesinstitut für Bau-, Stadt- und Raumforschung – BBSR] expects the number of households to increase by some 500,000 by 2030. This growth will see additional demand on the German housing 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 where 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.[8]

Excess demand on the housing market: High levels of housing demand continue to be offset by a lack of supply, despite a slight increase in the number of residential units available for rent in Germany in the first half of 2020. The number of new builds was around 83% higher than a decade ago, yet remained at a historically low level. Around 293,000 residential units were completed in 2019 – up 2.0% on the previous year. However, this does not meet current demand for around 400,000 residential units per year. Among the top seven cities, Frankfurt/Main topped the list in the five-year average with 10.5 residential units per 1,000 households, followed by Munich and Hamburg. In Berlin, 7.2 residential units were completed per 1,000 households. There remains excess demand on the housing market as a result.[9]

The demand for around 400,000 residential units per year is not met.

5 Investitionsbank Berlin, Berlin's Economy, November 2020
6 JLL, press release as of 7 January 2021
7 NAI apollo, Transaction market for residential portfolios in Germany, Q3 2020
8 BBSR, Residential Property Market Forecasts 2030
9 Colliers International, Residential Investment Germany, residential and commercial properties overview, 2020/2021

Huge medium-term housing shortage in Berlin: Net migration in Berlin lay far below the five-year average, with the pandemic a contributing factor. This is met on the supply side by a significant increase in completed residential units: 19,000 residential units were completed in 2019, 13% up on the previous year. This means the completion rate in Berlin currently matches that of the late 1990s. Should net migration remain lower going forward, however, demand for additional residential units in Berlin will still be high. 20,450 residential units will be required every year until 2030. In the medium term, however, the number of completions is set to stagnate, as the number of approvals – 22,524 in 2019 – is in decline and land to build on is increasingly scarce. Furthermore, less is being invested in residential holdings due to the Berlin rent cap.[10]

20,450 residential units will be required every year until 2030.

Continued upswing in metropolitan areas

Rent rises unaffected by the pandemic: Demand on the housing market was not affected by the pandemic in 2020. In fact, housing became a higher priority due to lockdowns, reduced travel and more working from home. As a result, Germany's seven largest cities saw rent rises roughly on a par with the previous year. The average first-time occupancy rent in the top locations rose by around 3% to EUR 15.50 per m². However, this showed rises had tailed off slightly in comparison to the years 2016 to 2018. This is due to the expansion in housing construction, rent levels which are now very high, and slower population growth in the cities.[11]

Berlin rental market impacted by rent cap: In the past year, asking prices for rental properties in Berlin increased by 6.0% on the previous year to EUR 13.30 per m² per month. However, this rent rise is exclusively down to a shift in supply: while supply for rental units in the portfolio (built before 2014) fell by up to 70% on the previous year, supply for new-build properties only fell by 20%. Most landlords are currently putting available flats on the market with two different rents – according to the rent cap and the market rent – until the final ruling of the Federal Constitutional Court, expected in the second quarter of 2021.[12]

Prices for rental properties in Berlin increased by 6%.

Purchase price growth still dynamic: Prices for residential units in the eight biggest German cities – Berlin, Hamburg, Munich, Cologne, Frankfurt/Main, Stuttgart, Düsseldorf and Leipzig – rose by 9.3% in the second half of 2020. While the rise is down on the previous year's 10.2%, it is higher than the five-year average of 8.6%.

Prices for commonhold apartments in Berlin were up by some 6.0% in the second half of 2020. Accordingly, while the rise in prices fell below the previous year's increase of 8.4%, it still exceeds the five-year average of 10.1%.[12]

10 JLL, Residential City Profile Berlin, 1st half-year 2020
11 DZ HYP, Real Estate Market Germany 2020/2021
12 JLL, press release of 22 January 2021

Germany's Nursing Assets segment is strongest growth market

Germany's population is ageing: The ageing population in Germany poses major challenges. Ageing increases the likelihood of requiring nursing and inpatient care. Demographic change and the ongoing increase in life expectancy means that one in four Germans – around 20 million people – are now aged 60 or over. This trend is set to grow. The average life expectancy for boys and girls born today is 78.3 and 83.2 years respectively. In 2060, these figures are forecast to reach 84.8 and 88.8 years.

Increasing need for nursing care: The shift in demographic structures is constantly enhancing the significance of professional nursing services and facilities. By 2030, the number of people requiring care in Germany is projected to be 4.1 million, and by 2050 as many as 5.36 million. In 2017, the figure was 3.42 million. Accordingly, demand for nursing care services and suitable housing for seniors is set to skyrocket by 2030. Existing supply – almost 14,500 nursing homes and around 950,000 beds – is now being outstripped by rising demand. Occupation rates for full inpatient care beds had already reached 93% in 2017. This is also expected to continue to rise dramatically.

By 2030, the number of people requiring care in Germany is projected to be 4.1 million.

Nursing care hit by lack of supply: Demand for full- and part-time inpatient care beds is already higher than supply. Waiting lists are not uncommon as nursing homes fill up. Based on care and home quotas staying the same, several hundred thousand new beds will be needed by 2030. In addition, a large number of existing nursing homes have a maintenance backlog. According to ZIA, the level of new investment and reinvestment required amounts to around EUR 70.0 billion. There is also insufficient supply of alternative living facilities for people in need of care – particularly accessible housing. Around 95% of local authorities in Germany have a gap in supply – and this is a growing trend.

Persistently high demand on the transaction market: In order to combat the impending shortage in supply of adequate nursing and living facilities and avert the looming crisis in nursing care, the entire economy has a key role to play. The situation can no longer be tackled without the help of private investment. Today, 43% of approximately 14,500 nursing homes providing full inpatient care are run by private operators. This trend is on the rise, due to a severely fragmented market. Between 2013 and 2019, investment in the Nursing Assets segment and retirement homes across Germany totalled EUR 11.0 billion. In 2019, the transaction volume was around EUR 1.7 billion. To secure urgently needed investment for the future, regulatory barriers to investment must be removed going forward.[13]

Today, 43% of approximately 14,500 nursing homes providing full inpatient care are run by private operators.

13 Cushman & Wakefield, The market for nursing homes in Germany, 2020

Statement on the economic situation by the Management Board

Deutsche Wohnen continued its successful performance in a challenging regulatory environment, and largely achieved its objectives in the financial year 2020.

We largely achieved our targets also in 2020.

Earnings in the Residential Property Management segment came to EUR 720.4 million. This is a decline of EUR 9.4 million or 1.3% on the previous year. We did not quite achieve our forecast of EUR 730 million due to opportunistic disposals and higher expenses for maintenance and rental losses. We exceeded the forecast like-for-like rental increase with effect on income of 1% with a rate of 1.3%. Maintenance expenses of EUR 105.0 million or EUR 10.39 per sqm were slightly above our planning range (EUR 100 million, or EUR 9 to EUR 10 per sqm). The vacancy rate for residential units was 1.7% for the total portfolio as of year-end, which was below the previous year's already very low figure of 1.8%.

In the Disposals segment we realised proceeds of EUR 1.3 billion (previous year: EUR 0.8 billion). Profits on disposals came to EUR 308.7 million (previous year: EUR 186.1 million), including valuation gains on disposal. This meant the Disposals segment made an even greater contribution to Group profit in 2020 than in the previous year.

We realised higher proceeds in our Disposals and Nursing Operations and Nursing Assets segments.

For the Nursing Operations segment and Nursing Assets segment we forecast earnings of EUR 75 million, which we exceeded with a figure of EUR 82.0 million. This is largely due to a later transfer of risks and rewards for the 13 nursing facilities sold.

Adjusted EBITDA (without disposals) fell from EUR 718.6 million by EUR 13.8 million or –1.9% to EUR 704.8 million, which is near the figure of EUR 710 million planned for 2020.

We ensured that Deutsche Wohnen is solidly financed from various funding sources and issued another two unsecured corporate bonds in the reporting year. The LTV of 37.0% is within our target range of 35% to 40% as forecasted. Current interest expenses rose year-on-year by EUR 10.3 million to EUR 145.8 million, which is higher than the forecast figure of EUR 135 million for 2020, due to debt financing of acquisitions.

FFO I in 2020 came to EUR 1.56 per share and EUR 544.1 million in total. As forecasted the FFO I was thereby approximately at the previous year level (FFO I as reported in 2019 EUR 538.1 million and EUR 1.50 per share).

EPRA NAV (undiluted) came to EUR 52.80 per share as of year-end 2020, compared with EUR 47.02 per share the previous year. The increase of 12.3% is mainly due to the revaluation of the property portfolio, which contributed some EUR 1.86 billion in 2020. The persistent discrepancy between supply and demand in German metropolitan areas again resulted in price increases. In our future reporting we will provide information on the basis of EPRA NTA, which rose from EUR 46.46 per share by around 11.7% to EUR 51.91 per share.

12.3%
was the increase of EPRA NAV (undiluted) per share.

We continued to invest in new building in financial year 2020. We advanced existing investment projects and strengthened our position with the acquisition of the operating business and project pipeline of ISARIA Wohnbau AG, Munich. In the second half of 2020 we took a strategic stake of 40% in QUARTERBACK Immobilien AG, Leipzig, so securing access to numerous attractive new construction projects in our core markets. Also in the Nursing and Assisted Living segment, further new construction projects are coming.

Overall, the financial year 2020 went largely as planned for Deutsche Wohnen in operational terms, despite regulatory intervention and the general economic conditions due to the coronavirus pandemic. We believe that Deutsche Wohnen is still in a strong position. The ongoing positive fundamentals for German metropolitan regions, combined with increasing demand for apartments, confirms our long-term strategic focus on urban conurbations.

We continue to see Deutsche Wohnen in a good position.

Notes on the financial performance and financial position

Earnings

The profit for the period fell year-on-year by EUR 56.3 million to EUR 1,544.6 million. Operating earnings declined slightly, while the higher year-on-year result of the fair value valuation of investment properties was more than offset by the negative valuation result for the convertible bonds due to the positive share performance, each after deferred taxes.

The coronavirus pandemic has not had a material impact on the group's financial position and earnings to date.

The following overview shows the consolidated profit and loss statement for the financial year 2020 compared with the previous year:

EUR m	2020	2019
Income	2,742.2	2,246.0
Cost of materials and carrying amounts of properties sold	–1,768.9	–1,100.0
Staff expenses	–231.8	–211.6
Other operating expenses	–104.0	–154.7
Other operating income	56.3	96.5
Impairment losses on financial assets	–7.1	–3.1
EBITDA before gains/losses from the fair value adjustment of investment properties	**686.7**	**873.1**
Depreciation, amortisation and impairment	–40.0	–42.9
Gains/losses from the fair value adjustment of Investment properties	1,856.4	1,401.1[1]
Earnings before interest and taxes (EBIT)	**2,503.1**	**2,231.3**
Earnings from investments accounted for using the equity method	8.9	2.8
Financial result	–268.3	–129.5[1]
Earnings before taxes (EBT)	**2,243.7**	**2,104.6**
Income taxes	–699.1	–503.7
Profit/loss for the period	**1,544.6**	**1,600.9**

1 Previous year's figure changed due to exercise of IAS 23 option

Earnings before taxes rose year-on-year by EUR 109.5 million or 15.4% to EUR 818.6 million thanks to higher disposal profits.

EUR m	2020	2019
Earnings before taxes	**2,243.7**	**2,104.6**
Gains/losses from the valuation of properties[1]	–1,855.1	–1,400.7[2]
Valuation gains on disposal realised in the financial year	288.3	0.0
Amortisation of goodwill	0.0	2.0
Net income from fair value adjustment to financial instruments	106.9	–28.5
Non-recurring expenses and income	34.8	31.7
Adjusted earnings before taxes	**818.6**	**709.1[2]**

1 Including IAS 2
2 Previous year's figure changed due to exercise of IAS 23 option

Gains from the valuation of properties comprise the revaluation of investment properties, disposal-related valuation gains from the valuation of non-current assets held for sale at agreed sales prices, and valuation adjustments to land and buildings held for sale.

The disposal-related valuation gains from property sales with the transfer of risks and rewards in the reporting year are recognised as disposal gains.

The result of the fair value adjustment to financial instruments includes the net valuation realised through profit or loss of convertible bonds, interest rate hedges, other derivatives and equity interests classified as financial instruments. The main non-cash earnings contribution related to the convertible bonds (expenses of EUR 96.2 million; previous year: income of EUR 58.0 million). It is due to interest rate movements and the positive performance of the Deutsche Wohnen share. Expenses from the measurement of derivative financial instruments came to EUR 12.6 million (previous year: EUR 29.5 million).

Non-recurring expenses and income included financing costs (EUR 4.0 million; previous year: EUR 13.1 million), other expenses (EUR 33.8 million; previous year: EUR 87.2 million), financial income (EUR 3.0 million; previous year: EUR 9.1 million) and other income (EUR 0.0 million; previous year: EUR 59.5 million).

Non-recurring financing costs mainly related to expenses for the early repayment of loans and interest rate hedges (EUR 4.0 million; previous year: EUR 8.5 million) and in the previous year interest expenses for the corporate bond partially redeemed in the second quarter of 2019 (EUR 4.5 million).

Non-recurring other expenses in 2020 consisted mainly of project and transaction-related expenses. Of the total, EUR 22.0 million relates to land transfer taxes, which arose in connection with a business combination accounted for in accordance with IFRS 3. This business combination entails the acquisition of the project business of ISARIA Wohnbau AG ("ISARIA"), which was completed on 1 July 2020.

The amount of non-recurring other expenses and income in 2019 is mainly due to the ongoing appraisal proceeding in connection with the control agreement signed in 2014 between Deutsche Wohnen SE and GSW Immobilien AG, which will probably result in a higher compensation payment to the external shareholders.

The following table shows the year-on-year change in income:

EUR m	2020	2019
Income from Residential Property Management	1,197.8	1,191.7
Income from Nursing Operations	226.1	222.9
Rental income from Nursing Assets	38.2	45.5
Other income	21.7	18.6
Income from sold properties	1,251.6	767.3
Income from sold properties (development)	6.8	0.0
Income	**2,742.2**	**2,246.0**

Income from Residential Property Management rose by 0.5% from EUR 1,191.7 million to EUR 1,197.8 million. Property disposals reduced income, whereas acquisitions, rental increases and higher income from operating costs led to an overall increase compared with the previous year.

Income from Nursing Operations was 1.4% up on the previous year. In the periods shown the Nursing Operations segment had a comparable number of facilities.

Rental income from Nursing Assets fell due to disposals by 16.0% from EUR 45.5 million to EUR 38.2 million.

Other income went up by 16.7% from EUR 18.6 million to EUR 21.7 million. It consists mainly of revenue from multimedia and other services by the SYNVIA Group (EUR 12.9 million; previous year: EUR 10.3 million) and from the rental of broadband connections (EUR 5.4 million; previous year: EUR 5.1 million).

Income from the disposal of properties increased by EUR 484.3 million from EUR 767.3 million to EUR 1,251.6 million. EUR 1,200.4 million of the higher amount (previous year: EUR 677.3 million) came from institutional sales, in particular two portfolio transactions for managed properties and one portfolio transaction for nursing assets.

Income from sold properties (development) were realised for the first time in 2020. They consist solely of income from the ISARIA Group, which has been fully consolidated since 1 July 2020, for ongoing development projects that have already been sold to third parties.

The following table shows the year-on-year change in the cost of materials and carrying amounts of properties sold:

EUR m	2020	2019
Carrying amount of properties sold	–1,221.0	–569.6
Carrying amount of development properties sold	–7.3	0.0
Cost of materials and services	–540.6	–530.4
Cost of materials and carrying amounts of properties sold	**–1,768.9**	**–1,100.0**

The carrying amounts of properties sold increased by EUR 651.4 million from EUR 569.6 million to EUR 1,221.0 million. They stem from the sale and transfer of risks and rewards of properties accounted for and measured in accordance with IAS 40, IAS 2 or IFRS 5. The year-on-year increase in the carrying amount of properties sold was due to the higher volume of disposals.

Carrying amounts of development properties sold relate to ongoing development projects at the ISARIA Group that have already been sold to third parties.

The cost of materials and services changed as follows:

EUR m	2020	2019
Operating costs	–362.6	–358.1
Maintenance	–133.1	–131.8
Other cost of materials	–44.9	–40.5
Cost of materials and services	**–540.6**	**–530.4**

Operating costs and maintenance related to the corresponding expenses in all segments.

Other cost of materials mainly consisted of deliveries of goods and services for nursing operations (EUR 27.0 million; previous year: EUR 26.6 million), sales costs (EUR 7.8 million; previous year: EUR 6.6 million) and input services at the SYNVIA Group (EUR 6.9 million; previous year: EUR 4.4 million).

Staff expenses incurred in all segments and Group functions were made up as follows:

EUR m	2020	2019
Wages and salaries	–194.1	–177.8
Social security contributions, retirement and other benefits	–37.7	–33.8
Staff expenses	**–231.8**	**–211.6**

Staff expenses went up by 9.5% from EUR 211.6 million to EUR 231.8 million, the majority of which was for the nursing operations (EUR 140.1 million; previous year: EUR 129.3 million). The increase in staff expense was due to new recruitment, pay increases, changes in the measurement of share-based variable bonuses and the full consolidation of the ISARIA Group as from 1 July 2020.

The following table shows the year-on-year change in other operating expenses:

EUR m	2020	2019
Operating and corporate expenses	–49.6	–48.9
Miscellaneous other operating expenses	–54.4	–105.8
Other operating expenses	**–104.0**	**–154.7**

Operating and corporate expenses in all segments and Group functions are made up as follows:

EUR m	2020	2019
IT costs	–12.9	–10.8
Legal, advisory and audit costs, insurance	–12.6	–11.9
Communication costs	–7.4	–7.1
Other staff costs	–5.1	–5.4
Cost of premises	–4.7	–3.5
Other operating and corporate expenses	–6.9	–10.2
Operating and corporate expenses	**–49.6**	**–48.9**

Miscellaneous other operating expenses were largely determined by transactions and non-recurring expenses. We refer to the notes on adjusted earnings.

Notes on adjusted earnings on page 29

Other operating income fell by EUR 40.2 million from EUR 96.5 million to EUR 56.3 million. It mainly included insurance payments in property management and capitalised own work for the management of construction projects. In 2020 it also included compensation of EUR 9.5 million from nursing care funds for loss of income and additional expenses as a result of the coronavirus pandemic. Non-recurring income of EUR 54.7 million was recognised in 2019 from the appraisal proceedings in connection with the control agreement signed in 2014 between Deutsche Wohnen SE and GSW Immobilien AG.

Depreciation, amortisation and impairment was as follows:

EUR m	2020	2019
Depreciation	–11.0	–10.9
Amortisation	–7.8	–10.2
Depreciation of right-of-use assets	–21.2	–19.8
Amortisation of goodwill	0.0	–2.0
Depreciation, amortisation and impairment	**–40.0**	**–42.9**

Depreciation and amortisation mainly consisted of depreciation of right-of-use assets held as property, plant and equipment in the context of lease accounting (EUR 21.2 million; previous year: EUR 19.8 million), as well as depreciation of level 4 broadband cable networks and the amortisation of customer contracts acquired in the course of the business combination with the PFLEGEN & WOHNEN HAMBURG Group.

Gains of EUR 1,856.4 million from the fair value adjustment of investment properties (previous year: EUR 1,401.1 million) consisted of EUR 1,653.9 million from revaluation (IAS 40 Investment Property) and EUR 203.6 million from measurement at sales prices (IFRS 5), as well as EUR –1.1 million from measurement changes for right-of-use assets.

Impairment losses on financial assets rose by EUR 4.0 million from EUR 3.1 million to EUR 7.1 million, and were mainly incurred in the Property Management segment for loss allowances and derecognition of rent receivables.

The financial result is made up as follows:

EUR m	2020	2019
Current interest expenses	–145.8	–135.5
Accrued interest on liabilities and pensions	–30.7	–25.9
Capitalised interest expenses	8.8	5.6[1]
Non-recurring expenses in connection with financing	–4.0	–13.1
Fair value adjustment to financial instruments	–10.7	–29.5
Fair value adjustment to convertible bonds	–96.2	58.0
	–278.6	**–140.4[1]**
Interest income	10.3	10.9
Financial result	**–268.3**	**–129.5[1]**

1 Previous year's figure changed due to exercise of IAS 23 option

Current interest expenses were higher, principally due to the higher volume of financial liabilities and corporate bonds.

Accrued interest on liabilities and pensions consisted mainly of expenses for the early repayment of loans.

Deutsche Wohnen made use of the option in IAS 23 of capitalising borrowing costs for qualifying assets accounted for at fair value for the first time for the investment properties. This concerns the project development business according to ISARIA Group, which has been fully consolidated in the Deutsche Wohnen Group since 1 July 2020. In line with IAS 8 the previous year's figures were changed accordingly for the effects of capitalising borrowing costs.

Non-recurring expenses in connection with financing stemmed mainly from the early repayment of loans and interest rate hedges.

Changes in long-term interest rates caused the negative market values of derivative financial instruments (interest rate hedges) to go up. To the extent that these financial instruments do not form part of an effective hedging relationship, the fair value adjustment is recognised as an expense in the financial result. In 2020 valuation changes for other derivatives and equity investments classified as financial instruments were also included here.

The year-on-year changes in the financial result are principally due to the increase in expenses from the fair value adjustment of convertible bonds with a total nominal value of EUR 1,600 million. The price of the convertible bonds follows the share price of Deutsche Wohnen SE. The convertible bonds are held at fair value in the consolidated balance sheet. The rise in the Deutsche Wohnen share price therefore resulted in a valuation loss on the convertible bonds of EUR 96.2 million (previous year: valuation gain of EUR 58.0 million).

The slight decline in interest income from EUR 10.9 million to EUR 10.3 million is due to non-recurring interest income in 2019 in connection with the ongoing GSW appraisal proceedings. Current interest income went up in 2020, by contrast, due to higher interest income from investee companies, particularly the QUARTERBACK Group (QUARTERBACK Immobilien AG, Leipzig, as well as other subsidiaries and investees).

The coverage ratio of EBITDA (adjusted) before disposals to current interest expenses less interest income went down due to the higher debt and is as follows:

EUR m	2020	2019
EBITDA (adjusted) before disposals	704.8	718.6
Current interest expenses and interest income[1]	136.9	126.1
Interest cover ratio (ICR)	**5.1**	**5.7**

1 Current interest expenses and interest income do not include interest income from finance leases for broadband cable networks

Earnings from investments accounted for using the equity method rose by EUR 6.1 million from EUR 2.8 million to EUR 8.9 million and includes for the first time the earnings contributions of the QUARTERBACK Group, the joint venture companies and associates attributable to Deutsche Wohnen. EUR 6.5 million of the increase came from the equity interests in entities in the QUARTERBACK Group, in which Deutsche Wohnen invested in the second half of 2020.

The following table shows the year-on-year change in income taxes:

EUR m	2020	2019
Current income taxes	–24.0	–30.3[1]
Income taxes due to disposals	–43.4	–9.4[1]
Income tax share of expenses for the capital increase	0.0	–0.1
Non-recurring income tax effects	–3.7	20.8
Deferred taxes	–628.0	–484.7
Income taxes	**–699.1**	**–503.7**

1 Previous year's figure amended

Income taxes resulted in expenses of EUR 699.1 million in 2020 (previous year: expenses of EUR 503.7 million). This consists of EUR 628.0 million in expenses from deferred taxes (previous year: expenses of EUR 484.7 million) and expenses for current and sales-related income taxes of EUR 67.4 million (previous year: EUR 39.7 million). The amount of deferred taxes was particularly due to the adjustment to the fair values of investment properties and convertible bonds. The one-off effects in income taxes in 2019 resulted largely from dissolving accruals.

The following table shows the earnings contributions of the individual segments:

EUR m	2020	2019
Segment earnings		
Earnings from Residential Property Management	720.4	729.8
Earnings from Disposals	20.4	186.1
Earnings from Nursing Operations	46.9	45.3
Earnings from Nursing Assets	35.1	43.0
Earnings not attributable to a segment	–136.1	–131.1
Depreciation, amortisation and impairment	–40.0	–42.9
Gains/losses from the fair value adjustment of investment properties	1,856.4	1,401.1
Earnings before interest and taxes (EBIT) / segment earnings	**2,503.1**	**2,231.3**

Earnings from Residential Property Management

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

	31/12/2020	31/12/2019
Residential and commercial units	158,284	164,044
Residential and commercial space in thousand sqm	9,753	10,139
Fair value per sqm residential and commercial areas in EUR	2,683	2,394
Current gross rental income for living space per sqm in EUR	6.71	6.94
Like-for-like rental growth in %	1.3	3.4
Residential vacancy rate in %	1.7	1.8
Maintenance costs per sqm/year in EUR[1]	10.39	9.92
Capital expenditure per sqm/year in EUR[1]	25.76	35.53

1 Based on the average surface area on a quarterly basis in each period

An overview of the portfolio as at 31 December 2020 can be found in the section entitled “Property portfolio”.

Overview of the portfolio on page 16

Earnings from Residential Property Management fell year-on-year by EUR 9.4 million or 1.3% to EUR 720.4 million, mainly due to higher rent collection and maintenance expenses. At the same time contracted rental income went down because of the effects of the Berlin rent cap and property disposals.

EUR m	2020	2019
Contracted rental income	837.6	837.3
Income from operating costs	365.4	359.4
Rental income	**1,203.0**	**1,196.7**
Operating costs	–356.2	–350.7
Rental loss	–11.5	–7.1
Maintenance	–105.0	–102.4
Other	–9.9	–6.7
Earnings from Residential Property Management	**720.4**	**729.8**
Staff, general and administration expenses	–54.0	–54.5
Operating result (NOI)	**666.4**	**675.3**
NOI margin in %	79.6	80.7
NOI in EUR per sqm and month[1]	5.49	5.45
Change in NOI in EUR per sqm and month in %	0.7	

1 Based on the average surface area on a quarterly basis in each period

We refer to our portfolio disclosures for changes in contracted rental income and capital expenditure.

Property portfolio on page 18

Income from operating costs exceeded the expenses for operating costs, because accounting for leases meant that various expenses were not included in the operating costs. In 2020 these related to lease expenses for metering and heat contracting of EUR 19.3 million (previous year: EUR 18.9 million). As a proportion of contracted rental income this represents an NOI margin of around 2.3% (previous year: 2.3%).

The losses arising from non-recoverable operating costs and rental loss amounted to 2.6% of gross rental income (previous year: 2.1%).

Rental losses increased due to higher expenses for write-downs. This is related to the rise in rent receivables.

The staff costs and general and administration expenses amounted to approximately 6.4% (previous year: 6.5%) of contracted rental income.

Net Operating Income (NOI) increased year-on-year by EUR 8.9 million, or 1.3%. The NOI margin in relation to contracted rental income went down from 80.7% to 79.6%.

Earnings from Disposals

In the Disposals business segment, we sold a total of 8,856 residential units (previous year: 7,181) and 13 nursing assets (previous year: none), with the transfer of risks and rewards taking place in financial year 2020.

EUR m	2020	2019
Income from sold properties	1,251.6	767.3
Cost of sales	–10.2	–11.6
Net sales proceeds	**1,241.4**	**755.7**
Carrying amount of properties sold	–1,221.0	–569.6
Earnings from Disposals	**20.4**	**186.1**
Valuation gains due to disposal	288.3	0.0
Earnings from disposals before valuation gains due to disposal	**308.7**	**186.1**

The valuation gains due to disposal relate to the measurement of non-current assets held for sale at the agreed sales price, to the extent that this effect is included in the carrying amounts of properties sold for the current period.

The following table shows the key performance figures and results separately for privatisations and institutional sales.

Privatisation

EUR m	2020	2019
Sales proceeds	**51.2**	**90.0**
Average sales price in EUR per/sqm	2,955	3,435
Volume in units	233	314
Cost of sales	–4.9	–8.1
Net sales proceeds	**46.3**	**81.9**
Carrying amounts of assets sold without valuation gains due to disposal	–38.2	–56.3
Gross margin in %	34.0	59.9
Earnings before valuation gains due to disposal	**8.1**	**25.6**
Carrying amounts without valuation gains due to disposal	38.2	56.3
Loan repayment	–1.5	–3.3
Liquidity contribution	**44.8**	**78.6**

The high average sales price per sqm in 2019 was due to a privatisation in a central location of Berlin. Adjusted for this privatisation, the average sales price per sqm in 2019 would have been EUR 2,696 and the gross margin would have been 36.6%. The average sales price rose in 2020 compared with the adjusted average sales price in 2019, and the gross margin fell slightly.

Institutional sales

EUR m	2020	2019
Sales proceeds	**1,200.4**	**677.3**
Sales price in EUR per sqm (without nursing assets)	1,743	1,614
Volume in units	8,623	6,867
Cost of sales	–5.3	–3.5
Net sales proceeds	**1,195.1**	**673.8**
Carrying amounts of assets sold without valuation gains due to disposal	–894.5	–513.3
Gross margin in %	34.2	32.0
Earnings before valuation gains due to disposal	**300.6**	**160.5**
Carrying amounts without valuation gains due to disposal	894.5	513.3
Loan repayment	–131.5	–1.8
Liquidity contribution	**1,063.6**	**672.0**

Sales proceeds also include the sale of 13 nursing assets with some 1,700 beds and assisted living units for slightly more than the carrying amount before valuation gains due to disposal. We only disposed of externally managed nursing properties that are not situated in our strategic target regions and are subject to structural and regulatory restrictions.

Two portfolio transactions accounted for the bulk of institutional sales of residential units. One is a portfolio sale to degewo AG, a state-owned housing company. This portfolio transaction comprises 2,143 residential units and 32 commercial units in Berlin, of which risks and rewards for 1,578 residential units were transferred in the second half of 2020 and for a further 565 units in the first quarter of 2021. The second transaction was a portfolio sale of 6,379 residential units and 38 commercial units in Brunswick, Hanover, Cologne and the Rhine-Neckar region to LEG Immobilien AG Group, of which the transfer of risks and rewards for 6,066 residential units took place in the fourth quarter of 2020 and is expected for another 313 residential units in the first quarter of 2021.

Earnings from Nursing Operations

EUR m	2020	2019
Income		
Nursing services	149.7	147.7
Rental income	59.1	59.5
Other	29.3	18.0
	238.1	**225.2**
Costs		
Nursing and corporate expenses	–43.7	–41.7
Staff expenses	–147.5	–138.2
Internal lease expenses	–26.9	–26.8
	–218.1	**–206.7**
Earnings from Nursing Operations	**20.0**	**18.5**
without internal rental expenses	46.9	45.3

Twenty-five nursing facilities are managed by the KATHARINENHOF Group, in which we hold a 100% equity interest as of February 2020 (previously 49%), and 13 nursing facilities by the PFLEGEN & WOHNEN HAMBURG Group, which has been a wholly owned subsidiary of Deutsche Wohnen since 2 January 2019. Of the 38 facilities, 37 are owned by Deutsche Wohnen.

Earnings from the Nursing Operations segment before internal rents (EBITDAR[14]) came to EUR 46.9 million (previous year: EUR 45.3 million). This represents an EBITDAR margin of 19.7% (previous year: 20.1%).

Earnings from Nursing Assets

EUR m	2020	2019
Income		
Rental income	38.3	45.4
Intragroup leasing income	26.9	26.8
	65.2	**72.2**
Costs	**–3.2**	**–2.4**
Earnings from Nursing Assets	**62.0**	**69.8**
without internal rental income	35.1	43.0

Earnings from Nursing Assets include lease earnings for 76 nursing facilities owned by Deutsche Wohnen as of the reporting date. A total of 37 nursing facilities have been leased within the Group; 24 to the KATHARINENHOF Group and 13 to the PFLEGEN & WOHNEN HAMBURG Group. A further 39 nursing facilities were leased to other well-known operators as of the reporting date.

The year-on-year decline in external lease income stems from the disposal of 13 nursing facilities for which the transfer of risks and rewards took place in mid-2020.

14 EBITDAR is EBITDA from the operation of nursing facilities before internal rental and lease expenses. External rental and lease expenses are not included in the EBITDA calculation in accordance with IFRS 16 and are therefore not eliminated to obtain EBITDAR.

Earnings not attributable to a segment

Net earnings not attributable to a segment totalled EUR –136.1 million (previous year: EUR –131.1 million). This consists primarily of corporate expenses and other transaction-related operating expenses and income:

EUR m	2020	2019
Corporate expenses	–105.9	–101.3
Other income	21.6	18.6
Cost of materials and services	–10.0	–7.2
Miscellaneous staff costs	–3.5	–2.7
Miscellaneous other operating expenses	–49.7	–103.5
Miscellaneous other operating income	11.4	65.4
Impairment losses on financial assets	0.0	–0.4
Earnings not attributable to a segment	**–136.1**	**–131.1**

Corporate expenses include staff and operating expenses, without the segments Nursing Operations and Nursing Assets:

EUR m	2020	2019
Staff expenses	–69.8	–65.0
Long-term remuneration component (share-based)	0.1	0.0
Operating costs	–36.2	–36.4
Total corporate expenses	**–105.9**	**–101.4**

Staff, general and administration expenses in connection with disposals amounted to EUR 3.4 million, on a par with last year. The increase in staff costs is due particularly to the measurement of the long-term incentive (LTI) for the Management Board members and managers. As of 31 December 2019 the minimum performance levels for the target component share price performance in the 2018 and 2019 tranches were not achieved. These hurdle rates were exceeded again as of 31 December 2020, so staff costs of some EUR 1.3 million were incurred in 2020.

The long-term remuneration component (share-based) relates solely to non-cash expenses from the AOP 2014 share option programme.

Other income, the cost of materials and miscellaneous staff costs are mainly related to revenues from multimedia and similar services at the SYNVIA Group.

For the non-recurring and transaction-related miscellaneous other operating expenses and income we refer to the comments on adjusted earnings.

Notes on adjusted earnings on page 29

Assets and financial position

Here are some selected figures from the consolidated balance sheet:

	31/12/2020		31/12/2019	
	EUR m	in%	EUR m	in%
Investment properties	28,069.5	91	25,433.3	91
Other non-current assets	982.0	3	443.4	2
Total non-current assets	**29,051.5**	**94**	**25,876.7**	**93**
Current assets	1,162.6	4	1,289.4	5
Cash and cash equivalents	583.3	2	685.6	2
Total current assets	**1,745.9**	**6**	**1,975.0**	**7**
Total assets	**30,797.4**	**100**	**27,851.7**	**100**
Equity	**13,832.8**	**45**	**13,107.3**	**47**
Financial liabilities	6,525.1	21	6,327.7	23
Convertible bonds	1,768.7	6	1,682.8	6
Corporate bonds	3,129.6	10	2,014.1	7
Tax liabilities	60.5	0	26.2	0
Pension obligations	109.6	0	107.2	1
Deferred tax liabilities	4,412.0	15	3,713.8	13
Other liabilities	959.1	3	872.6	3
Total liabilities	**16,964.6**	**55**	**14,744.4**	**53**
Total assets	**30,797.4**	**100**	**27,851.7**	**100**

Investment properties remain the largest balance sheet item. It increased compared with 31 December 2019, mainly because of acquisitions and revaluaions capitalised refurbishment expenses, which exceeded the amount of disposals and reclassifications to current assets. A significant portion of the acquisitions related to project developments at the ISARIA Group, which was fully consolidated as of 1 July 2020.

Other non-current assets increased following equity investments in companies in the QUARTERBACK Group and the goodwill created by the acquisition of the ISARIA Group.

45%
was the equity ratio as at the reporting date.

Group equity rose by EUR 725.5 million in absolute terms in 2020. The equity ratio of around 45% was somewhat lower (previous year: 47%). In the reporting period some 55,800 bearer shares in Deutsche Wohnen SE were issued following the exercise of share options and another 72,100 bearer shares in Deutsche Wohnen SE were issued in exchange of some 30,600 bearer shares in GSW Immobilien AG. This share swap took place in accordance with the provisions of the control agreement between the two companies on the put options held by outside shareholders. In addition, total comprehensive income of EUR 1,542.9 million for 2020 also increased the capital of Deutsche Wohnen. Group equity fell by EUR 497.9 million as of the reporting date due to the purchase of own shares, and by a further EUR 312.6 million following the payment of a dividend by Deutsche Wohnen SE.

Financing

Financial liabilities fell by EUR 533.0 million following the repayment of borrowings. This was offset by new borrowing of EUR 571.5 million and the non-cash takeover of EUR 138.1 million in liabilities belonging to the ISARIA Group.

The Loan-to-Value ratio of 37% is within our target range.

Liabilities from convertible bonds rose due to market fluctuations. The nominal amount of outstanding convertible bonds came to EUR 1,600 million as of the reporting date, as in the previous year.

Liabilities under corporate bonds fell by EUR 873.8 million due to redemptions and increased by EUR 1,998.2 million due to the proceeds of new issues. EUR 200.0 million of the repayment related to a short-term bearer bond issued in 2019 and EUR 278.8 million to the remainder of the bond issued in 2015. Proceeds of new issues in 2020 included two long-term corporate bonds with a nominal value of EUR 1,190.0 million, plus other long-term bearer bonds (EUR 513.0 million) and short-term commercial paper (EUR 295.2 million).

Even with the new funding, the average interest rate remained stable year-on-year at around 1.2%. The average capital repayment rate of 0.5% is the same as the previous year. The average term to maturity of the Group's loans, convertible bonds and bonds is 6.8 years. The hedging ratio came to approximately 89% as at 31 December 2020 (previous year: 88%).

Deutsche Wohnen SE received a long-term issuer rating from the two international rating agencies Standard & Poor's and Moody's. The rating from Standard & Poor's was unchanged at A- (as of 14 December 2020) and that from Moody's was unchanged at A3 (as of 22 December 2020), both currently with a negative outlook.

The Group's gearing (LTV) developed as follows:

EUR m	31/12/2020	31/12/2019
Financial liabilities	6,525.1	6,327.7
Convertible bonds	1,768.7	1,682.8
Corporate bonds	3,129.6	2,014.1
	11,423.4	**10,024.6**
Cash and cash equivalents	–583.3	–685.6
Net financial liabilities	**10,840.1**	**9,339.0**
Investment properties	28,069.5	25,433.3
less right-of-use assets held as investment properties from leases	–51.6	–62.8
Non-current assets held for sale	163.6	571.2
Land and buildings held for sale	472.2	468.9
Investments in property and land companies	361.9	4.6[1]
Loans to property and land companies	252.3	0.0[1]
	29,267.9	**26,415.2**[1]
Loan-to-Value ratio in %	**37.0**	**35.4**

1 Calculation method has been changed to include equity investments in and loans to property companies.

The other liabilities presented in the balance sheet are made up as follows:

EUR m	31/12/2020	31/12/2019
Derivative financial instruments	57.3	52.1
Trade payables	429.9	300.5
Other	471.9	520.0
Total other liabilities	**959.1**	**872.6**

Statement of cash flows

The most important cash flows are shown in the following:

EUR m	2020	2019
Net cash flow from operating activities	504.5	460.1[1]
Net cash flow from investing activities	–899.6	–679.8[1]
Net cash flow from financing activities	292.8	572.5
Net change in cash and cash equivalents	**–102.3**	**352.8**
Opening balance cash and cash equivalents	685.6	332.8
Closing balance cash and cash equivalents	**583.3**	**685.6**

1 Previous year's figure changed due to exercise of IAS 23 option

In 2020 Deutsche Wohnen was able to meet its financial obligations in full of all times.

Cash flow from operating activities is subject to fluctuations because of the cash inflows and outflows from the purchase and sale of investment properties held for sale. Net cash from operating activities came to EUR 48.7 million in 2020 (previous year: EUR 13.3 million).

In the reporting period, cash flow from investing activities included payments for property investments of EUR 1,069.0 million (previous year: EUR 1,348.7 million) and other assets of EUR 644.5 million (previous year: EUR 27.4 million). EUR 676.3 million of the property investments were for acquisitions (previous year: EUR 917.4 million), EUR 267.5 million for refurbishment (previous year: EUR 369.7 million) and EUR 125.2 million for new building (previous year: EUR 61.6 million, including change in IAS 23 option). This was offset by proceeds from the disposal of investment properties and properties held for sale of EUR 1,266.0 million. After deducting cash holdings, a net total of EUR 517.1 million was paid for the acquisition of the ISARIA Group. Investments in other assets related mainly to equity investments, specifically the acquisition of equity interests amounting to EUR 268.6 million as well as the purchase of loan receivables and the issuance of loans amounting to EUR 349.9 million, each related to QUARTERBACK Group. Other proceeds of investing activities consisted mainly of loan repayments.

Cash flow from financing activities essentially comprises all payments in connection with refinancing (loan repayments and new borrowing, convertible bonds and corporate bonds together with the related one-off payments), cash inflows from equity activities, outflows for the purchase of treasury shares and dividend payments.

In the reporting period, cash flow from financing activities included proceeds from the issue of corporate bonds of EUR 1,998.2 million (previous year: EUR 1,159.5 million) and from borrowing of EUR 571.5 million (previous year: 508.1 million). Capital repayments related to loans (EUR 533.0 million; previous year: EUR 380.5 million), bonds (EUR 278.8 million; previous year: EUR 221.2 million), bearer bonds (EUR 300.0 million; previous year: none) and commercial paper (EUR 295.0 million; previous year: EUR 120.0 million). EUR 507.0 million (previous year: EUR 93.3 million) was paid to purchase own shares. Deutsche Wohnen SE also paid a dividend of EUR 312.6 million for 2019 in the first second quarter of 2020. Of the dividend of EUR 310.6 million for financial year 2018 voted at the Annual General Meeting, EUR 225.7 million was paid in cash in 2019. The difference was paid in shares, since shareholders could choose between a cash or share dividend.

Funds from Operations (FFO)

Slight increase in FFO I per share to EUR 1.56

Funds from Operations without disposals (FFO I) is the key figure for us. As described in the financial performance section above, Deutsche Wohnen made use of the option according to IAS 23 of capitalising borrowing costs for qualifying assets accounted for at fair value for the first time for the investment properties. In line with IAS 8 the figures in the previous year's consolidated financial statements were changed accordingly for the effects of capitalising borrowing costs. This led to an absolute increase of EUR 5.6 million in FFO I for 2019. We decided to change the calculation method for FFO I again because the volume of property disposals went up.

Whereas current income taxes were included in full in FFO I in the past, the income taxes incurred due to property disposals are now logically shown in FFO II. Applying this systematic change to FFO I for 2019 increased the figure in absolute terms by EUR 9.4 million.

FFO I fell year-on-year in absolute terms by 1.6%, mainly due to disposals, and went up by 1.3% per share (undiluted).

EUR m	2020	2019
EBITDA before gains/losses from fair value adjustments of investment properties	**686.7**	**873.1**
Measurement of current assets (properties)	1.3	0.4
Valuation gains due to disposal	288.3	0.0
Other non-recurring expenses and income	31.1	23.8
Restructuring and reorganisation expenses	2.7	3.9
EBITDA (adjusted)	**1,010.1**	**901.2**
Earnings from Disposals	–20.4	–186.1
Valuation gains due to disposal	–288.3	0.0
Staff, general and administration expenses of disposals	3.4	3.5
EBITDA (adjusted) before disposals	**704.8**	**718.6**
Long-term remuneration component (share-based)	–0.1	0.0
Finance leasing broadband cable networks	3.1	2.9
At-equity valuation	2.4	2.8
Interest income/expenses	–132.4	–130.9[4]
Income taxes	–24.0	–30.3[3]
Minority interests	–9.7	–10.0
FFO I	**544.1**	**553.1**[3,4]
Earnings from Disposals	20.4	186.1
Staff, general and administration expenses of disposals	–3.4	–3.5
Valuation gains due to Disposals	288.3	0.0
Income taxes due to Disposals	–43.4	–9.4[3]
FFO II	**806.0**	**726.3**[4]
FFO I per share in EUR (undiluted)[1]	1.56	1.54[3,4]
FFO I per share in EUR (diluted)[2]	1.56	1.54[3,4]
FFO II per share in EUR (undiluted)[1]	2.32	2.03[4]
FFO II per share in EUR (diluted)[2]	2.32	2.03[4]

1 Based on the weighted average of some 347.85 million shares in circulation in 2020 (without own shares) or some 358.09 million in 2019
2 Based on a weighted average of approximately 347.85 million shares in circulation in 2020 (without own shares) and approximately 358.09 million in 2019, assuming conversion of in-the-money convertible bonds in each case
3 Calculation method changed: taxes due to disposals are no longer included in FFO I – disclosures for prior years have been changed accordingly
4 Previous year's figure changed due to exercise of IAS 23 option

All rental income from broadband cable networks is included in the calculation of FFO, regardless of whether the corresponding contracts are classified in the IFRS consolidated financial statements as finance leases or operating leases with Deutsche Wohnen as lessor. To this extent, the cash rental payments agreed under civil law are presented as rental income, whereas in the consolidated financial statements they are recognised as interest and capital repayments.

EPRA performance measures

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.

EPRA standards

Overview of EPRA performance measures

	2020	2019
EPRA NAV in EUR m[1]	18,151.0	16,791.3
EPRA NAV in EUR per share[1]	52.80	47.02
EPRA NTA in EUR m	17,844.4	16,589.1
EPRA NTA in EUR per share	51.91	46.46
EPRA NRV in EUR m	20,343.4	18,877.4
EPRA NRV in EUR per share	59.18	52.86
EPRA NDV in EUR m	12,675.7	12,325.8
EPRA NDV in EUR per share	36.87	34.52
EPRA Earnings in EUR m	457.0	484.7[2]
EPRA Earnings in EUR per share	1.33	1.36[2]
EPRA Net Initial Yield in %	2.3	2.7
EPRA "topped-up" Net Initial Yield in %	2.3	2.7
EPRA vacancies in %	2.0	2.2
EPRA cost ratio (incl. direct vacancy costs) in %	24.2	23.1[2]
EPRA cost ratio (excl. direct vacancy costs) in %	23.2	22.0[2]

1 EPRA NAV is still shown after the revision of EPRA key performance indicators, since it was defined as an indicator for Management Board remuneration in the LTI 2018.
2 Previous year's figure amended

EPRA Net asset value figures

Revised NAV performance indicators were presented when the EPRA Best Practice Recommendations were published in October 2019. The three new indicators, Net Tangible Assets, Net Reinstatement Value and Net Disposal Value, replace EPRA NAV and EPRA NNNAV as previously communicated, and are applied for the first time for financial year 2020. These new indicators are briefly described below.

EPRA Net Tangible Assets (NTA)

EPRA NTA reflects current net asset value including acquisitions and disposals. Deferred taxes for investment properties are adjusted accordingly. NTA largely corresponds to the EPRA NAV previously communicated, adjusted for goodwill, and is particularly relevant for Deutsche Wohnen. Deutsche Wohnen did not exercise the option of adding land transfer tax, and so works from the (net) IFRS carrying amounts.

New EPRA indicators as financial year 2020.

EPRA Net Reinstatement Value (NRV)

EPRA Net Reinstatement Value (NRV) represents the value that would be required to reproduce the entity's assets with the same capital structure. Deutsche Wohnen did not exercise the option of valuing intangible off-balance-sheet assets.

EPRA Net Disposal Value (NDV)

EPRA Net Disposal Value (NDV) represents the value to shareholders assuming the disposal of all assets and the early redemption of all liabilities. The method of calculating NDV is similar to that for EPRA NNNAV as reported to date, which it replaces in future.

EUR m	EPRA NRV 31/12/2020	EPRA NTA 31/12/2020	EPRA NDV 31/12/2020	EPRA NAV 31/12/2020	EPR NNNAV 31/12/2020
Equity (before non-controlling interests)	13,391.7	13,391.7	13,391.7	13,391.7	13,391.7
i) Hybrid bonds and dilution effects from the conversion of in-the-money convertible bonds	0.0	0.0	0.0	0.0	0.0
Diluted NAV	**13,391.7**	**13,391.7**	**13,391.7**	**13,391.7**	**13,391.7**
plus					
iv) Revaluation of inventory properties after deferred taxes	43.9	43.9	43.9	0.0	0.0
Diluted NAV at market values	**13,435.6**	**13,435.6**	**13,435.6**	**13,391.7**	**13,391.7**
less					
v) deferred taxes for valuation gains on investment properties	4,737.6	4,711.8	–	4,704.6	–
vi) Market value of derivative financial instruments	54.7	54.7	–	54.7	–
vii) Goodwill resulting from deferred taxes	–69.5	–	–	–	–
viii.a) Goodwill accounted for in the IFRS consolidated financial statements	–	–319.7	–319.7	–	–
viii.b) Intangible assets as accounted for in the IFRS consolidated financial statements	–	–38.0	–	–	–
plus					
ix) Difference between market value and book value of interest-bearing liabilities, bonds, etc. after deferred taxes	–	–	–440.2	–	–440.2
xi) Land transfer tax and other costs incurred by the acquirer	2,185.0	0.0	–	–	–
NAV	**20,343.4**	**17,844.4**	**12,675.7**	**18,151.0**	**12,951.5**
Number of shares (diluted) in millions (without own shares)	343.77	343.77	343.77	343.77	343.77
NAV in EUR per share	**59.18**	**51.91**	**36.87**	**52.80**	**37.67**

EUR m	EPRA NRV 31/12/2019	EPRA NTA 31/12/2019	EPRA NDV 31/12/2019	EPRA NAV 31/12/2019	EPR NNNAV 31/12/2019
Equity (before non-controlling interests)	12,700.4	12,700.4	12,700.4	12,700.4	12,700.4
i) Hybrid bonds and dilution effects from the conversion of in-the-money convertible bonds	0.0	0.0	0.0	0.0	0.0
Diluted NAV	**12,700.4**	**12,700.4**	**12,700.4**	**12,700.4**	**12,700.4**
plus					
iv) Revaluation of inventory properties after deferred taxes	39.1	39.1	39.1	0.0	0.0
Diluted NAV at market values	**12,739.5**	**12,739.5**	**12,739.5**	**12,700.4**	**12,700.4**
less					
v) deferred taxes for valuation gains on investment properties	4,056.2	3,987.7	–	4,040.1	–
vi) Market value of derivative financial instruments	50.8	50.8	–	50.8	–
vii) Goodwill resulting from deferred taxes	0.0	–	–	–	–
viii.a) Goodwill accounted for in the IFRS consolidated financial statements	–	–148.1	–148.1	–	–
viii.b) Intangible assets as accounted for in the IFRS consolidated financial statements	–	–40.8	–	–	–
plus					
ix) Difference between market value and book value of interest-bearing liabilities, bonds, etc. after deferred taxes	–	–	–265.6	–	–380.4
xi) Land transfer tax and other costs incurred by the acquirer	2,030.9	0.0	–	–	–
NAV	**18,877.4**	**16,589.1**	**12,325.8**	**16,791.3**	**12,320.0**
Number of shares (diluted) in millions (without own shares)	357.09	357.09	357.09	357.09	357.09
NAV in EUR per share	**52.86**	**46.46**	**34.52**	**47.02**	**34.50**

The EPRA NTA per share increased by 11.7% from EUR 46.46 per share to EUR 51.91 per share in the year under review. The valuation gains from the property valuation earnings were the main reason for the increase.

EPRA Earnings

EPRA Earnings reflect recurring profits from the operating business and particularly include adjustments for valuation effects and net disposal proceeds.

EUR m	2020	2019
IFRS net income	**1,544.6**	**1,600.9**
Adjustments for the purposes of the calculation of EPRA Earnings:		
Result of property valuation[1]	-1,855.1	-1,400.7[3]
Earnings from Disposals	-20.4	-186.1
Income taxes due to Disposals	43.4	9.4[2]
Amortisation of goodwill	0.0	2.0
Measurement of financial instruments and early repayment penalties	109.3	-15.5
Transaction costs of business combinations	23.4	0.0
Deferred taxes	628.0	484.7
Equity method valuation of joint ventures in the QUARTERBACK Group	-6.5	0.0
Minority interests	-9.7	-10.0
EPRA Earnings	**457.0**	**484.7[2, 3]**
Number of shares (undiluted) in m (without treasury shares) on the reporting date	343.8	357.1
EPRA Earnings (undiluted) in EUR per share	**1.33**	**1.36[2, 3]**
Number of shares (diluted) in m (without treasury shares) on the reporting date	343.8	357.1
EPRA Earnings (diluted) in EUR per share	**1.33**	**1.36[2, 3]**

1 Including IAS 2
2 Previous year's figure amended
3 Previous year's figure changed due to exercise of IAS 23 option

EPRA Net Initial Yield

EPRA Net Initial Yield represents the annualised net rental income in relation to the market value of the portfolio. Net rental income is reduced by management costs that cannot be charged to tenants, such as the costs of maintenance, debt collection and vacancies.

EUR m	2020	2019
Investment properties and non-current assets held for sale[1]	26,620.9	24,305.3
Land and buildings held for sale[1]	462.3	451.0
Less assets under construction and payments made on account[1]	–785.7	–427.2
Sub-total completed property portfolio	**26,297.5**	**24,329.1**
Plus investor's incidental acquisition costs, estimated at 7.6% and 7.66%	1,998.6	1,863.6[3]
Total completed property portfolio	**28,296.1**	**26,192.7[3]**
Annualised contracted cash rent	791.1	835.6
Less direct management costs[2]	–128.9	–126.2
Annualised net contract rent	**662.2**	**709.4**
Adjustments for tenant incentives	2.3	2.6
Topped-up annualised net contract rent	**664.5**	**712.0**
EPRA Net Initial Yield (EPRA NIY) in %	**2.3**	**2.7**
EPRA "topped-up" Net Initial Yield (EPRA NIY) in %	**2.3**	**2.7**

1 Without Nursing and Assisted Living, without unbuilt land
2 Non-recoverable operating costs, rent collection, maintenance, etc.
3 Previous year's figure amended

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.

	2020	2019
Estimated rental value of vacant space in EUR	1,862,029	2,046,866
Estimated rental value of total portfolio in EUR	91,417,356	93,654,007
EPRA vacancies in %	**2.0**	**2.2**

EPRA Cost Ratio

The EPRA Cost Ratio is a key figure for measuring cost efficiency. It compares the management costs with the rental income.

EUR m	2020	2019
Contractually agreed rent (contract rent and subsidies)	860.5	861.6
less lost income (vacancies)	–22.9	–24.3[3]
less adjusted EBITDA	–1,010.1	–901.2
less adjusted EBITDA: Segment earnings: Disposals	20.4	186.1
less gains on disposal	288.3	0.00
less adjusted EBITDA: Segment earnings: Nursing and Assisted Living	82.0	88.3
less adjusted EBITDA: Corporate expenses for the Disposals segment	–3.4	–3.5
plus expenses for nursing facilities let to third parties	2.8	2.2
less maintenance expenses	–105.0	–102.4
plus ground rent to third parties	2.1[1]	2.3[1]
Management costs	**114.7**	**109.1[3]**
plus maintenance expenses	105.0	102.4
less ground rent to third parties	–2.1[1]	–2.3[1]
EPRA Costs (including direct vacancy costs)	**217.6**	**209.2**
less operating costs of vacancies	–8.7	–9.4[3]
EPRA Costs (excluding direct vacancy costs)	**208.9**	**199.8[3]**
Contractually agreed rent (contract rent and subsidies)	860.5	861.6
less ground rent to third parties	–2.1	–2.3
plus rental income for nursing facilities let to third parties	38.3	45.4
plus rental income for nursing facilities let within the Group	26.9	26.8
less lost income (vacancies)	–22.9	–24.3[3]
	900.7	**907.2[3]**
EPRA Cost Ratio (including direct vacancy costs)	**24.2%**	**23.1%[3]**
EPRA Cost Ratio (excluding direct vacancy costs)	**23.2%**	**22.0%[3]**
EPRA Cost Ratio adjusted for maintenance expenses (incl. direct vacancy costs) in %	**12.5%**	**11.8%[3]**
EPRA Cost Ratio adjusted for maintenance expenses (excl. direct vacancy costs) in %	**11.5%**	**10.7%[3]**
Own work capitalised[2]	**7.1**	**4.7**

1 First-time application of IFRS 16 from 1 January 2019 means that the ground rents paid to third parties are no longer included as expenses in EBITDA adjusted
2 Own work capitalised for engineering and construction management services, without pro rata share of joint ventures
3 Previous year's figure amended

EPRA Capex

EPRA Capex divides capital expenditure in the financial year into spending on acquisitions, project development business and investment properties. Only capital expenditure on IAS 40 properties is included. Capital expenditure on existing properties was not broken down any further, since creating incremental rental space and tenant incentives are less relevant here. The EPRA Capex provides a split between the investments of a year in Investments in acquisitions, Investments in new constructions and Investments in the portfolio (each without joint ventures). Therefore, only the investments in IAS 40 properties are considered. Another split of investments in the portfolio was not made due to the fact that development of further rental space as well as rent incentives are considered less relevant.

EUR m	2020	2019
Acquisition	1,185.7	917.4
New construction (incl. loft conversion)	116.4	56.0
Portfolio	267.5	369.7
Capitalised borrowing costs	8.8	5.6
Total investment	**1,578.4**	**1,348.7**

REPORT ON THE INDIVIDUAL FINANCIAL STATEMENTS OF DEUTSCHE WOHNEN SE

Fundamental aspects of Deutsche Wohnen SE

Deutsche Wohnen SE 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 Stock Corporation Act [Aktiengesetz – AktG] as well as the European Regulation and the German introductory law on European Stock Corporations. Deutsche Wohnen SE focuses on capital markets and is listed on the Frankfurt Stock Exchange and others.

Reporting on the Group's position and the presentation of its risks and opportunities largely also apply to Deutsche Wohnen SE.

Employees

On 31 December 2020, Deutsche Wohnen SE had 243 employees[1] (previous year: 220) and 69 trainees and students (previous year: 60).

1 All employees including those on maternity/parental leave and temporary staff, not including apprentices or Management Board members

Management Board analysis of business operations

Deutsche Wohnen SE mainly issued long-term corporate bonds and bearer bonds to finance the Group in financial year 2020.

In November 2019 the Management Board adopted a share buyback programme, in the course of which around 16.1 million shares were purchased for some EUR 600.3 million up to September 2020.

The operating results of holding company activities fell by EUR 7.5 million year-on-year due to higher other operating expenses and higher staff expenses.

Profit and loss transfers and distributions from subsidiaries came to EUR –20.0 million in 2020, which is below the previous year's figure of EUR 39.5 million and also less than our forecast. It was due to write-downs on the carrying amounts of equity investments and properties at the level of tax group companies.

Net income for 2020 was also reduced by non-recurring expenses of EUR 7.4 million in connection with interest rate hedges, which were presented in the non-operating result.

Earnings before taxes did not reach our original forecast of a medium double-digit million amount of positive net income before taxes because of these non-recurring effects in net income from investee companies and the non-operating result.

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

Earnings

	2020	2019	Change	Change
	EUR m	EUR m	EUR m	relative in %
Revenues	49.4	47.7	1.7	4
Other operating income	2.9	2.4	0.5	21
Staff expenses	–29.4	–25.4	–4.0	16
Other operating expenses	–54.0	–48.8	–5.2	11
Depreciation and amortisation	–5.1	–4.6	–0.5	11
Operating result	**–36.2**	**–28.7**	**–7.5**	**26**
Net interest	–12.5	–4.9	–7.6	155
Net income from investees	–20.0	39.5	–59.5	–151
Non-operating result	–7.4	–32.6	25.2	–77
Income taxes	–0.6	–0.2	–0.4	200
Net income for the year	**–76.7**	**–26.9**	**–49.8**	**185**

Deutsche Wohnen SE acts as a holding company and generates revenues from providing management services to the entire Group, particularly general management services and also managing the acquisition of subsidiaries. The increase in revenues stems from the higher volume of acquisition transactions compared with the previous year.

The increase in staff expenses by EUR 4.0 million compared with the previous year was largely due to the hiring of employees, salary increases, and changes in the measurement of share-based variable remuneration. Deutsche Wohnen SE had an annual average of 229 employees in 2020 (previous year: 209 employees).

Other operating expenses mainly comprised IT costs of EUR 17.0 million (previous year: EUR 15.1 million) and legal and advisory costs of EUR 10.9 million (previous year: EUR 8.0 million). In addition, they included services, marketing and entertainment expenses charged by affiliates and general corporate expenses. Non-recurring other operating expenses for data protection in 2019 were included in the non-operating result to facilitate comparison.

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. Depreciation and amortisation was higher than the previous year due to investments in office furniture and equipment and in our IT systems.

Net interest income comprised interest expenses of EUR 73.1 million (previous year: EUR 56.7 million), of which EUR 7.4 million (previous year: EUR 15.9 million) was presented in the non-operating result, and interest income of EUR 53.2 million (previous year: EUR 35.9 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 also received further funding from managing the Group's cash pool. It passed on this funding to subsidiaries in the form of equity or internal loans. In light of the above, net income comprised net income generated with third parties of EUR –59.0 million (previous year: EUR –37.7 million) and net income generated with affiliated companies in the amount of EUR 46.5 million (previous year: EUR 32.8 million). Interest expenses paid to third parties increased due to higher nominal amounts of outstanding corporate bonds. One-off interest expenses for interest rate hedges and in connection with the redemption of corporate bonds were presented in the non-operating result to facilitate comparisons.

Value created at the subsidiary level accrued, via the earnings from shareholdings, to Deutsche Wohnen SE in its capacity as holding company. Net income from investees includes profit and loss transfers from subsidiaries under profit and loss transfer agreements and control agreements and from limited partnerships and totalled EUR –94.2 million (previous year: EUR –28.7 million), as well as distributions of EUR 74.6 million (previous year: EUR 74.5 million) from GSW Immobilien AG. Expenses for compensation payments under control agreements were offset against distributions (EUR –0.4 million; previous year: EUR –6.3 million). These expenses relate to the ongoing appraisal proceeding in connection with the control agreement signed in 2014 between Deutsche Wohnen SE and GSW Immobilien AG, which will probably result in a higher compensation payment to the external shareholders. Losses transferred under profit and loss transfer agreements in 2020 and 2019 resulted mainly from write-downs on individual investee companies and properties held by group companies that were required by the principle that assets must be measured individually. By contrast, unrealised gains on the carrying amounts of other investee companies and properties do not have to be recognised under German commercial law.

The non-operating result for 2020 included non-recurring interest expenses of EUR 2.8 million from unwinding interest-rate hedges and EUR 4.6 million from additions to provisions for interest rate hedges. In 2019 the figure included non-recurring interest expenses of EUR 4.5 million for the corporate bond partially redeemed in the second quarter of 2019, other interest expenses of EUR 11.3 million for additions to provisions for interest rate hedges, and non-recurring other operating expenses of EUR 16.8 million for data protection.

Deutsche Wohnen SE generated a net loss of EUR 76.7 million in 2020 (previous year: net loss of EUR 26.9 million).

Assets and financial position

	31/12/2020		31/12/2019		Change
	EUR m	%	EUR m	%	EUR m
Non-current assets	7,699.7	91.7	6,889.4	79.1	810.3
Receivables and other assets	206.4	2.4	1,184.6	13.6	–978.2
Cash and bank balances	491.7	5.9	635.2	7.3	–143.5
	8,397.8	**100.0**	**8,709.2**	**100.0**	**–311.4**
Equity	2,432.6	29.0	3,320.3	38.1	–887.7
Provisions	50.6	0.6	53.6	0.6	–3.0
Liabilities	5,914.6	70.4	5,335.3	61.3	579.3
	8,397.8	**100.0**	**8,709.2**	**100.0**	**–311.4**

The fixed assets of Deutsche Wohnen SE, amounting to EUR 7,699.7 million (previous year: EUR 6,889.4 million), primarily consist of shares in affiliated companies amounting to EUR 4,372.3 million (previous year: EUR 4,369.8 million) and loans to affiliates of EUR 3,311.6 million (previous year: EUR 2,504.0 million). The increase in the reporting year was due to the internal financing of investments and acquisitions by subsidiaries, which Deutsche Wohnen SE provided with liquidity via long-term shareholder loans. Deutsche Wohnen SE's current receivables under the cash pooling agreement declined accordingly.

Receivables and other assets primarily comprise receivables from affiliated companies (EUR 103.6 million; previous year: EUR 1,115.2 million), which fell 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 2020 by EUR 2.5 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. Equity was reduced by the loss for the year 2020 of EUR 76.7 million, the dividend for 2019 of EUR 312.6 million, the measurement changes and the exercise of share options for EUR 0.1 million and share buybacks of EUR 500.8 million. The share buyback programme was ended in September 2020.

After deducting treasury shares, issued capital amounted to EUR 343.8 million as at the reporting date (previous year: EUR 357.1 million). The equity ratio came to 29.0% (previous year: 38.1%).

The liabilities comprised the following items:

EUR m	31/12/2020	31/12/2019	Change
Unsecured financial liabilities	3,169.6	2,035.7	1,133.9
Convertible bonds	1,605.9	1,605.9	0.0
Liabilities to affiliated companies	1,020.9	1,622.7	–601.8
Liabilities to banks	60.4	60.4	0.0
Other liabilities	54.7	7.6	47.1
Deferred income	3.1	3.0	0.1
	5,914.6	**5,335.3**	**579.3**

The unsecured financial liabilities comprised the following items:

EUR m	31/12/2020	31/12/2019	Change
Bearer bonds	1,483.0	1,274.8	208.2
Corporate bonds	1,200.0	280.5	919.5
Registered bonds	486.6	480.4	6.2
	3,169.6	**2,035.7**	**1,133.9**

The total nominal amount of unsecured bearer bonds was EUR 1,477.5 million as of 31 December 2020. They pay interest at fixed rates of between 0.00% and 2.50% and mature from 2021 to 2036.

The corporate bond issued in 2015 was repaid in 2020 and two unsecured new corporate bonds were issued:

- Tranche 1 has a nominal amount of EUR 595.0 million, matures on 30 April 2030 and pays fixed int 1.50% p.a.

- Tranche 2 has a nominal amount of EUR 595.0 million, matures on 30 April 2025 and erest of pays fixed interest of 1.0% p.a.

Unsecured registered bonds were issued in recent years, amounting to a nominal EUR 475.0 million as of the reporting date. They pay interest at fixed rates of between 0.9% p.a. and 2.0% p.a. and mature between 2026 and 2032.

There were no outstanding corporate bonds under the Multi-Currency Commercial Paper Programme as of the reporting date.

As of the reporting date the two convertible bonds issued in 2017 and accounted for at their total nominal amount plus accrued interest were:

- WSV 2017 with a total nominal value of EUR 800.0 million, maturing in 2024 and with a fixed interest rate of 0.325% p. a. The conversion price per share as of 31 December 2020 was EUR 47.057.

- WSV 2017 II with a total nominal value of EUR 800.0 million, maturing in 2026 and with a fixed interest rate of 0.60% p. a. The conversion price per share as of 31 December 2020 was EUR 49.468.

Liabilities to affiliated companies went down, both under the internal cash pooling system with Deutsche Wohnen SE as the central cash pool manager (EUR 345.6 million; previous year: EUR 1,004.6 million) and for internal loans to Deutsche Wohnen SE (EUR 559.6 million; previous year: EUR 564.1 million).

Other liabilities as of 31 December 2020 included a borrower's note loan of EUR 50.0 million which was not held by a bank as of the reporting date.

As of the reporting date the gearing ratio for Deutsche Wohnen SE (ratio of debt to total assets) was 71.0% (previous year: 61.9%).

A decision has been taken in accordance with section 264(1), sentence 2 of the German Commercial Code [Handelsgesetzbuch – HGB] not to present a consolidated statement of cash flows.

Deutsche Wohnen SE received a long-term issuer rating from the two international rating agencies Standard & Poor's and Moody's. The rating from Standard & Poor's was unchanged at A- (as of 14 December 2020) and that from Moody's was unchanged at A3 (As of 22 December 2020), both currently with a negative outlook.

Forecast for the 2021 financial year

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

Our forecast is based on the company planning derived from the planning instruments and takes into account the application of the law on rental freeze in housing in Berlin that came into force on 23 February 2020 [Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln]. It adequately reflects the possible risks and opportunities of future development. Nevertheless, some risks and opportunities associated with future development remain, as are described in the risk and opportunity report. The assumptions regarding the overall economic development and the development of the housing market have also been included in the planning.

The financial position and financial performance of Deutsche Wohnen SE is linked to the financial development of its subsidiaries. Earnings are also dependent on profit and loss transfers and distributions by subsidiaries.

We are expecting higher earnings from shareholdings in 2021 because the one-off valuation expenses incurred at tax group companies in 2020 will no longer apply. We therefore anticipate a pre-tax net profit in the middle two-digit million range, before one-off items such as expenses for capital increases or transactions.

RISKS AND OPPORTUNITIES

Deutsche Wohnen's risk management system

Deutsche Wohnen SE continuously reviews opportunities as they arise to safeguard the ongoing development and growth of the Group. To exploit such opportunities it may be necessary to incur exposure to risks. It is therefore highly important to identify, assess and control all key aspects of risk. To this end, Deutsche Wohnen has implemented a central risk management system (RMS), which is intended to ensure that all the key risks affecting the Group are identified, measured, managed and monitored. The RMS is intended to guarantee that risks are recognised early, prioritised and communicated to the decision makers responsible in order to take the corresponding countermeasures. This is intended to prevent or minimise damage to the company.

A central risk management system intents to detect risks early, prioritise and communicate them.

Within the structures of the Group's risk management system (RMS), Deutsche Wohnen has implemented a risk early warning system (REWS). This therefore includes all companies over which Deutsche Wohnen SE exercises a controlling influence. 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 para. 2 of the German Stock Corporation Act [Aktiengesetz – AktG] in this regard.

Principles of the risk management strategy

Every employee is required to act in a risk conscious manner.

Our risk management strategy is intended to safeguard the company's continued existence and to achieve sustainable increases in its enterprise value. Commercial success requires exploiting opportunities and identifying and assessing the related risks. Opportunities should be exploited optimally and entrepreneurial risks accepted deliberately and responsibly, while being proactively managed, to the extent that they enable appropriate value to be added. Risks that jeopardise the company's continued existence are to be avoided.

All employees are trained in risk awareness and instructed to report potential risks. Furthermore, all employees are instructed to behave in a risk-conscious way, i.e. to inform themselves about the risk situation within their area of responsibility on the one hand, and to deal responsibly with the identified risks on the other. In this way the company ensures that suitable measures are taken to avoid, reduce or transfer risks, or that calculated risks are accepted deliberately. Decision makers are provided with information about material risks by way of regular reporting and otherwise as needed.

Responsibility

The Management Board has overall responsibility for risk management. It decides on the organisation of structures and processes and the provision of resources. It adopts the documented results of risk management and takes these into account in its management of the business.

Selected managers at Deutsche Wohnen are designated as "risk owners" and in this role are responsible for identifying, assessing, documenting and communicating all the key risks in their area of responsibility. The risk managers coordinate the identification, assessment, documentation and communication of risks as part of the risk management process. They initiate the periodic risk management process, consolidate risk reports from risk owners and prepare the report for the Management Board and the Supervisory Board.

Instruments in the risk management system

The RMS as applicable across the Group should contribute to enabling corporate objectives to be reached, deviations to be identified at an early stage, negative effects on Deutsche Wohnen to be averted and appropriate measures to be taken in good time.

The existing Group-wide RMS is adapted to developments in the organisation where necessary.

The core elements of the risk management system (RMS) at Deutsche Wohnen are:

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

1. Internal control system (ICS)

The internal control system in terms of the accounting process aims to ensure that accounting and financial reporting are orderly and effective.

An IKS is established for Deutsche Wohnen SE that essentially covers the principles of transparency, dual signatures, separation of functions and information of employees on a need-to-know basis.

The key features of our existing internal control and risk management system as it relates to the (consolidated) accounting process can be summarised as follows:

- Deutsche Wohnen stands out for its clear organisational, corporate, control and monitoring structure.
- Agreed planning, reporting, controlling and early warning systems and processes apply throughout the Group for the holistic analysis and management of earnings-relevant risk factors and risks to the Group's continued existence.
- Functions are clearly assigned in all areas of the financial reporting process (e.g. financial accounting and controlling).
- The IT systems used in financial reporting are protected against unauthorised access.
- Standard software is mostly used in the financial systems applications.
- The processes followed by the departments involved in (consolidated) financial reporting meet the requirements for proper financial reporting.
- Manual and software-assisted controls are used to check that (consolidated) financial reporting data is complete and accurate.
- Dual signatures are required for processes relevant to (consolidated) financial reporting.
- Among other things, the Supervisory Board deals with key matters of (consolidated) financial reporting, risk management, the annual audit and its focus areas.

Internal control and risk management systems as they relate to the financial reporting process, the key features of which are described above, ensure that events at the company are recognised correctly in the accounts, prepared, analysed and included in external financial reporting.

The internal control and risk management system ensures that financial reporting at Deutsche Wohnen SE and the companies included in the consolidated financial statements is uniform and complies with statutory and other legal standards and internal policies.

2. Reporting

Integrated corporate planning and the corresponding internal reporting of key operating and financial figures from the controlling function form the basis of the early warning system used in the company.

Management and Supervisory Board receive substantial information in monthly reportings.

The central component of the RMS is a detailed monthly company report, which compares actual figures with the budget figures approved by the Supervisory Board and developed where required (including adjusted EBITDA, FFO I, debt ratio). Deutsche Wohnen focuses particularly on key figures for rentals, rental income and disposals and segment results, on changes in staff, general and administration expenses, and on cash flows, liquidity and balance sheet ratios.

This reporting enables deviations to be flagged up at an early stage and appropriate steps to be taken.

The Management Board and Supervisory Board receive key information from the detailed monthly reports.

3. Risk management

The risk management function of Deutsche Wohnen has identified ten risk categories.

The risk categories in turn comprise a total of approximately 70 individual risks. Early warning indicators are assigned to sector- and company-specific risks that enable the risks to be identified.

Risks are documented quarterly in a risk inventory. The risk manager updates the risk inventory in line with the estimates of the risk owners from the operating departments.

Risks are managed in the operating departments and from a potential anticipated loss of EUR 500,000 upwards are verified in the risk inventory and assigned to the risk categories shown. Outside of routine reporting, the risk owners and risk manager must immediately report material changes to the risk situation to the Management Board.

In principle, the time frame for risk assessment is twelve months. The risk assessment period for investment risks is 36 months.

Risks are assessed based on expenditure-based thresholds for the loss and the probability of loss, taking into account the risk management measures taken.

Ten risk categories

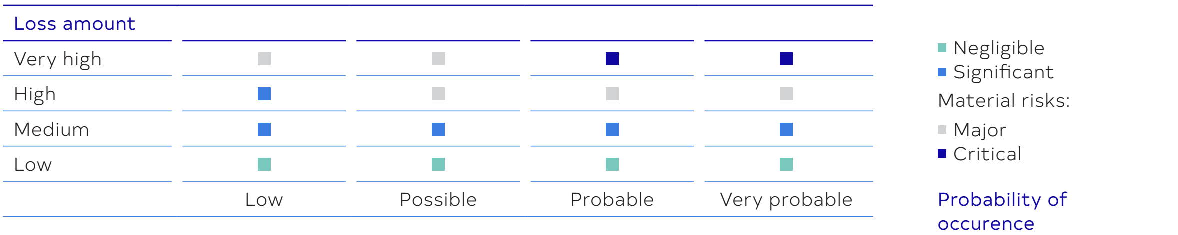
1. General company risks
2. Legal risks
3. IT risks
4. Rental risks
5. HR/staff risks
6. Acquisition and disposal risks
7. Nursing business risks (properties and operations)
8. Property risks
9. Financial risks
10. Investment risks (portfolio and capital expenditure/project development and new construction)

Thresholds

Loss amount	EUR m	Probability of loss	%
Low	0.5 – 2	Low	0 – 20
Medium	> 2 – 15	Possible	> 20 – 50
High	> 15 – 50	Probable	> 50 – 70
Very high	> 50	Very probable	> 70

Each risk is analysed to determine whether factors exist that could indicate that the risk has materialised (= current relevance). The countermeasures being taken are included in the assessment. In the final assessment, the potential loss from the risks is classified using the categories: slight, significant, serious, critical.

Risk assessment scheme



Key risks for Deutsche Wohnen are relevant risks in the final assessment categories “serious” and “critical”. Critical risks may endanger the company’s continued existence.

The risk inventory is discussed at regular face-to-face meetings with all risk owners, the risk manager and the Management Board. This is intended to ensure that the risk situation is made transparent and risks are addressed across the company.

Risk management is documented quarterly in a risk report that is presented to the Management Board. The Audit Committee of the Supervisory Board is notified about the risk situation in the course of its regular meetings.

This takes place on the basis of a risk management manual that is updated as needed.

4. Compliance

Compliance is an essential element of corporate governance at Deutsche Wohnen.

Company-wide code of conduct apply for all employees.

Compliance with statutory provisions, the standards of the German Corporate Governance Code, internal instructions and commitments is an important principle for Deutsche Wohnen, as is the fair treatment of business partners and competitors. These serve to help implement the values, principles and rules of responsible business management.

Risks arising from corporate governance are monitored in the legal department and are included in a risk inventory as part of the overall risk management system.

Employees across the organisation are bound by the Code of Conduct, which specifies and supplements the legal provisions. Compliance training sessions and managers regularly raise employee awareness of compliance risks.

The Code of Conduct for Business Partners is based on the Code of Conduct and defines standards for our business partners in terms of compliance with legislation, integrity and ethical benchmarks.

The Group Compliance Officer keeps a record of “insiders” at the company and advises managers, staff and business partners on the consequences of breaching insider-dealing regulations and other relevant legal standards.

The Compliance Officer acts as the central contact for questions and reports of suspicious circumstances.

5. Internal audit

Risk management is subject to regular, process-independent monitoring by the internal audit function at least every three years.

The risk management is monitored by a independent person.

The focus of the audit is determined with the Management Board and the Supervisory Board. The results of the audit are provided to the Management Board, the Supervisory Board and the risk manager.

Risk report

Overall assessment of the risk situation by company's management

Based on our assessment of the overall risk situation in 2020 and at present, there were and continue to be no individual or aggregated risks endangering the company's continued existence or that could pose an existential threat to the income, assets and financial position of the Deutsche Wohnen Group. There were no risks requiring ad hoc announcement.

Risks for Deutsche Wohnen related to the coronavirus pandemic have been identified and described under general company risks. These are currently assessed as immaterial.

Risks resulting from the Berlin Senate's rent cap legislation (risks pertaining to rent regulations) continue to be assessed as material in 2020.

The following table provides an overview of the assessment scheme used by Deutsche Wohnen. It shows the ten risk categories and the measurement of material risks in terms of loss amounts, probability of loss, relevance and the final assessment.

Risk category	Risk	Loss amount	Probability of loss	Relevance	Result (after assessment, relevance, countermeasures)
1. General company risks			No material risk identified		
2. Legal risks			No material risk identified		
3. IT risks			No material risk identified		
4. Rental risks	Berlin rent cap (rent reductions)	Very high	Low	Yes	Serious
	Berlin rent cap (restricted rent rises)	Very high	Low	Yes	Serious
	Berlin rent cap (change in value)	Very high	Low	Yes	Serious
5. HR/staff risks			No material risk identified		
6. Acquisition and disposal risks			No material risk identified		
7. Nursing business risks (properties and operations)			No material risk identified		
8. Property risks			No material risk identified		
9. Financial risks			No material risk identified		
10. Investment risks (portfolio and capital expenditure/project development and new construction)			No material risk identified		

1. General company risks

General company risks are risks that are not classified in other categories. They are deemed to be immaterial risks under the Deutsche Wohnen assessment scheme.

Ignorance of market developments and trends

Market risks may arise if the economic situation in Germany slows and this causes market rates for rentals or properties to remain flat or decline. In a flat or contracting economy, the unemployment rate may also go up, which restricts the tenants' financial possibilities. In addition, a decline in available income – whether due to unemployment, higher social security and tax payments or higher utilities bills – may have an adverse impact on the performance of Deutsche Wohnen via lower new letting, lower rents obtained for new letting and higher vacancy rates. A sharp increase in the volume of new construction can also have an adverse impact on pricing.

An increase in unemployment and a negative impact on real income may be triggered by the pandemic, but the effects on Deutsche Wohnen are not considered material.

If such market developments or trends are not anticipated early, material risks may result. To reduce these risks, all business segments are regularly reminded to track developments in their sectors closely and to report changes promptly to the risk management function.

Reputational and image risks

Both negative reporting in the media and legal proceedings against decision-making bodies or employees of Deutsche Wohnen may have negative consequences.

The balance of supply and demand in German conurbations is delicate, which means that private-sector owners of housing are in the focus of policymakers and the media. This results in both political demands and corresponding media reports. Deutsche Wohnen therefore strives for open communication and a direct dialogue with customers, investors, politicians and the authorities. Reputation and customer satisfaction are important to us and we have taken a range of different measures in this regard. For instance, we measure customer satisfaction through regular tenant surveys, and take concrete action based on the results.

In 2019, we gave our voluntary commitment, as set out in our promise to our tenants. Where necessary, we continue to agree a hardship scheme with tenants for rent increases following refurbishment and in line with the rent index, and voluntarily forego rent increases in these circumstances accordingly.

Risks of disasters and loss events

An increase in loss events or natural disasters (including storms, flooding, etc.) or changes/dependencies in the insurance market could cause financial losses. There are currently no indications of this.

Risks from changes in data privacy and data protection legislation

The EU General Data Protection Regulation (GDPR) that came into effect in May 2018 makes increased demands of companies in terms of how they handle personal data. Breaches of the regulation can be punished by high fines, linked to company revenue.

Data processing by all business segments (processing) is documented by Deutsche Wohnen in a register and updated continuously. No processing has currently been identified that could represent a high risk for data subjects.

One case from 2019 was followed up in the reporting year. The competent supervisory authority issued an administrative order imposing a fine on Deutsche Wohnen in the fourth quarter of 2019, to which the company filed a protest. The charges made in the order relate to a Deutsche Wohnen data archiving solution which has already been replaced. Following submission of a protest by the company, the district court subsequently discontinued the proceedings as the administrative order imposing the fine was invalid. The Data Privacy and Freedom of Information Officer immediately lodged a complaint with regard to the ruling of the Berlin district court.

Risks associated with pandemics (in this case coronavirus)

Risks concerning employee welfare, dealing with customers, residents and visitors at nursing facilities, maintaining operations and financial risks have been identified for Deutsche Wohnen as a result of the coronavirus pandemic. These are currently assessed as immaterial.

Measures are currently being taken and adjusted on an ongoing basis to comply with the relevant legal provisions from the German federal government and guidelines from the Federal Ministry of Health, the Robert Koch Institute and the Federal Foreign Office.

Corresponding guidelines are issued to employees and managers as well as residents and visitors at care homes.

In the event of operating restrictions, measures are taken to maintain operations as much as possible.

Conditions for remote working have been expanded and use is being made of them.

From a financial perspective, there is currently no immediate need for liquidity or financing; bank financing is not currently affected. There has been immaterial loss of receivables as a result of customers' financial situations, particularly in the commercial sector (see rental risks).

2. Legal risks

They are deemed to be immaterial risks under the Deutsche Wohnen assessment scheme.

Risks that may result in losses for the company could arise from non-compliance with legal standards, non-implementation of new or revised legislation, the lack of adequate provisions in contracts or missing documentation.

Pending or impending litigation could have a material impact on the financial performance and position.

On 30 April 2014, a control agreement was signed between Deutsche Wohnen SE as the controlling company and GSW Immobilien AG as the controlled company, which took effect when it was entered in the commercial register on 4 September 2014. It obliges Deutsche Wohnen to assume any losses incurred by GSW. As part of the control agreement Deutsche Wohnen SE also undertakes to exchange the GSW shares held by non-controlling shareholders for Deutsche Wohnen shares at a ratio currently set at 3:7.079 (settlement offer). For the duration of the control agreement Deutsche Wohnen also guarantees the non-controlling shareholders of GSW an equalisation payment in the form of a guaranteed gross annual dividend of EUR 1.66 per share.

An Appraisal Proceeding as defined in section 1 para. 1 of the Appraisal Act [Gesetz über das gesellschaftliche Spruchverfahren – SpruchG] is currently taking place to determine whether the settlement amount and equalisation payment are reasonable. If a higher settlement amount or equalisation payment are set by a court ruling or an out-of-court agreement, the non-controlling shareholders of GSW may demand that Deutsche Wohnen increases the amount of payments made to them.

3. IT risks

They are currently deemed to be immaterial risks under the Deutsche Wohnen assessment scheme.

Risks from the availability of IT systems

Deutsche Wohnen's processes are heavily dependent on the functioning of central IT applications and systems.

Generally speaking, there is a risk of a partial or total failure of this application, which could lead to considerable disruption of business processes. For this reason, we have a contract with our IT service provider to ensure operating, maintenance and administration processes and monitoring mechanisms, in order to prevent such a failure and any ensuing loss of data.

Risks from vulnerabilities and unauthorised access to IT systems

Generally speaking, there is the unavoidable risk that the IT is attacked by means of malware or that data is accessed by unauthorised persons. We are constantly working to combat this by optimising security processes, closing security loopholes and updating anti-malware measures.

4. Rental risks

According to the Deutsche Wohnen assessment scheme, there are three rent regulation risks arising from the legislation on the Berlin rent cap for residential properties [MietenWoG Bln] which we deem to be material and serious.

The legislation entered into force on 23 February 2020 and is partly applied retroactively to 18 June 2019. On 23 February 2020, existing rent increases that took place after 18 June 2019 were suspended. This also applies to rent increases following modernisation works which were announced after 18 June 2019. On 23 February 2020, some apportionable modernisation costs were reduced or suspended entirely. New lettings after 18 June 2019 remain valid. On 23 November 2020, the next stage of the legislation entered into force. Existing rents were reduced to 120% of the rent threshold set out in the legislation.

There is deemed to be a serious risk that rents required for new lettings may not exceed the previous rent, taking into account the rent threshold according to MietenWoG Bln.

A serious risk has also been identified that usual rent increases in line with the rent index may no longer be applied in future with the entry into force of MietenWoG Bln.

An adverse impact on the valuation of the properties concerned in Berlin can therefore not be ruled out; the risk is also ranked as serious in the period under consideration.

In line with legal opinions and commentaries, we believe that the Berlin Senate's rent cap legislation is unconstitutional. Accordingly, the three risks identified as serious are considered to have a low probability of occurrence.

At the level of the German states, further regulation is particularly expected in Berlin (such as the expansion of neighbourhood protection areas or amendments to the ban on misappropriation of housing). An increasing number of conservation areas are being set up or expanded in Berlin. In these areas, modernisation activities are sometimes denied, or their implementation is frequently more time- and cost-intensive, and often associated with the conclusion of project-based agreements.

Other legislative amendments are discussed regularly (such as changes in the way the rent index is calculated or the amount of apportionable operating costs). Further regulatory changes can therefore not be ruled out.

We therefore monitor legislation, are involved in residential property management associations and use the legal opportunities available to make our voice heard.

Risks arising from payment arrears due to the effects of the coronavirus pandemic are not currently assessed as material.

Further risks for letting may result from defaults by tenants, lack of tenant satisfaction, risks in tenancy agreements or risks involving our business partners.

5. HR/staff risks

They are currently deemed to be immaterial risks under the Deutsche Wohnen assessment scheme.

Our employees, their knowledge and their specific skills are a decisive factor in our commercial success.

Risks may arise from changes in the statutory framework (minimum wage, for example), employees' lack of identification with the company, the inadequate integration of new staff, higher staff turnover, a lack of specialists or higher staff expenses due to general rises in market rates or higher social security expenses.

The HR department develops schemes for supporting and retaining employees for specific target groups as part of a professional development programme and benchmarks the system of remuneration against the market. A structured staff turnover analysis and feedback system combat increased, unwanted staff turnover. Different generations within the workforce are also taken into account with working time models geared towards different stages of life and modern, digitally structured design of working areas.

The Deutsche Wohnen Group has pension obligations from company pension plans. The actual amount of the obligations cannot be fully determined in advance, however, and is subject to uncertainty, so that the actual employee benefit liabilities may exceed the recognised pension provisions.

Risks for Deutsche Wohnen may also arise if employees do not follow statutory or company regulations. Employees are bound by the Code of Conduct, which defines and stipulates behaviour in accordance with the law. Managers also make their employees aware of key compliance risks. Corruption is also explicitly forbidden in the anti-corruption policy.

The relevant data protection agreements on privacy and policies on data protection and IT security are also binding for employees.

6. Acquisition and disposal risks

They are currently deemed to be immaterial risks under the Deutsche Wohnen assessment scheme.

New legislation

Legal and political intervention may delay disposals or have a negative effect on the prices that can be realised.

Market risks from disposals

An overall economic downturn, a general increase in interest rates, a change in regulatory parameters or more new construction may reduce interest in purchasing existing properties. Both for the privatisation of individual apartments or block sales there is then a danger that potential buyers postpone their investment, so causing Deutsche Wohnen's disposal plans to be delayed or making it impossible to implement them at the prices planned.

Risks from acquisitions

Acquisitions in existing and new regions are exposed to the risk that business plans cannot be implemented fully, or only partially, or only at a later date. The performance of acquired portfolios also depends on various factors: forecast rents, opportunities to reduce vacancy rates, expenses for maintenance and refurbishment work, planned privatisations, prices obtained for the disposal of non-strategic units and the costs of the integration process. The integration of larger new holdings may require a reorganisation of administration, management, internal structures and processes. These factors may differ from our expectations and mean that the forecast earnings are not achieved or that risks increase. To minimise these risks we use external and internal specialists and ongoing project controlling.

Risks also increase due to a large number of purchase contracts and their complexity, or to unjustified claims by third parties.

To minimise risks, due diligence is carried out to identify and analyse all possible legal, financial, operational and tax risks in advance. Claims are secured by means of guarantees, indemnities, retained amounts and insurance. The necessary structured follow-up and monitoring of obligations follows.

Any deviations from the business plan or assumptions made for business combinations are identified and followed up in the corresponding reports.

7. Nursing business risks (properties and operations)

This risk category covers special risks resulting from the Nursing segment. They are currently deemed to be immaterial risks under the Deutsche Wohnen assessment scheme.

Risks may arise from changes to the legislative environment for nursing care (in some states there is a statutory quota for single-room occupancy, for instance), the default of operators or a decline in the quality of nursing properties. With acquisitions there is a risk of unplanned investments requirements. A lack of employees in nursing facilities may affect the profitability of nursing homes. Activities to recruit new employees are ongoing.

8. Property risks

They are currently deemed to be immaterial risks under the Deutsche Wohnen assessment scheme.

Property risks arise from the statutory requirements and environmental concerns relating to properties, as well as in the structure and quality of portfolios and their immediate vicinity.

Risks may arise from maintenance backlogs, structural damage or inadequate fire safety measures. 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, the risks include a concentration in the structure of holdings, which may comprise higher maintenance and renovation costs and greater difficulty in letting properties.

A technical analysis provides us with an overview of the condition of our properties.

Generally speaking, the portfolio is suitable for letting business. Moreover, the condition of the properties in technical terms is an aspect which is taken into account in the risk assessment.

9. Financial risks

They are currently deemed to be immaterial risks under the Deutsche Wohnen assessment scheme.

Risk from fundamental reform of company taxation

There are plans to extend the scope of the German Real Estate Transfer Tax Act [Grunderwerbsteuergesetz – GrEStG]. The legislative changes under discussion would affect the entire property industry. The draft legislation was not yet available for review in the reporting year.

Risk of fluctuating valuations

Deutsche Wohnen holds its investment properties (i.e. properties held for their rental income or for capital appreciation) at fair value. Fair value depends particularly on the performance of the overall property market and that of regional markets, as well as on economic growth and interest rates. If the performance of the property market or the wider economy is negative or if interest rates go up, there is therefore a risk that the values recognised for property assets by Deutsche Wohnen in its consolidated balance sheet have to be written down.

The values of shareholdings and/or investment income or of other investments may also fluctuate as a result.

Liquidity risks

Deutsche Wohnen considers delays in receiving revenues and loans and unexpected expenses that lead to a liquidity shortfall to be financial risks.

Financial market risks and risks of financial instruments

Deutsche Wohnen will not have any material volumes requiring refinancing in 2021. Deutsche Wohnen also has a credit rating of A– from Standard & Poor's and A3 from Moody's, both with a negative outlook. These ratings make Deutsche Wohnen one of Europe's best-rated publicly listed property companies.

Generally speaking, however, banks may no longer be able or willing to renew loans as they fall due. It cannot be ruled out that refinancings could be more expensive and future negotiations take longer to complete.

Furthermore, loan contracts contain financial covenants that entitle the banks to call in the loans early if they are not met. For Deutsche Wohnen these are financial indicators that relate primarily to the debt service cover ratio (DSCR) and interest service cover ratio (ISCR) and to the debt ratio in relation to rental income (multiple).

The risks to the Group from financial instruments consist of interest-rate-related cash flow, liquidity and default risks. Company management draws up and reviews risk management guidelines for each of these risks. **Default risks**, or the risk that a counterparty does not meet their payment obligations, are addressed by means of credit lines and monitoring procedures. There is no significant concentration of default risk at Deutsche Wohnen, either for a single counterparty or for a group of counterparties with similar characteristics. The **risk of a liquidity shortfall** is monitored by means of a liquidity planning tool on an ongoing basis. Deutsche Wohnen always strives to hold sufficient liquidity to meet its current and future obligations. The **interest rate risk** to which the Group is exposed stems mainly from long-term financial debt at floating rates of interest and is largely hedged by means of interest rate derivatives. In this regard, we refer to our disclosures in the notes to the consolidated financial statements.

Tax risks

Fundamental changes in the tax environment may result in financial risks. Deutsche Wohnen has recognised deferred tax assets on tax loss carryforwards for example. Should the use of loss carryforwards 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.

Tax inspections for past years have not yet been completed for some companies in the Group. It is possible that additional taxes have to be paid.

Deutsche Wohnen is subject to the rules on the interest rate cap, which limits the extent to which interest expenses can be deducted when calculating its corporate tax liability. It cannot be ruled out that these rules will lead to tax payments in future.

Any changes in our shareholder and organisational structure could trigger a land transfer tax liability or cause tax loss carryforwards to be forfeit.

10. Investment risks (portfolio and capital expenditure/project development and new construction)

The risks in this category are classified as immaterial:

There is a risk when deviations from expected conditions surrounding building regulations are identified or if approval procedures take longer.

Removing contamination, site contamination or pollution from investments may be more expensive than originally calculated.

Legislation is a key variable for investment and is always subject to a risk of change. There is a risk when new building standards or restrictions take effect; changes could have a negative impact on return targets.

If construction sites are closed or planning consent is withheld this may have an adverse effect because of unplanned costs and delays.

Complex investments are generally subject to a cost risk, a project risk and a time risk. These are addressed by means of project-specific controlling.

Opportunities from future developments

Deutsche Wohnen was able to take steps to ensure its continued positive performance in financial year 2020. Overall, concentrating and focusing the portfolio on metropolitan areas in recent years, while maintaining our conservative capital structure, offers further potential for capital appreciation in the future.

Opportunities from market developments and trends

The positive performance of the property portfolio is supported by the ongoing dynamic development of the market. This positive trend is enhanced by increasing demand for housing, especially in metropolitan areas, due to net population increases and a general reduction in the size of average households. Continuation of the ECB's expansive monetary policy and the resulting low interest rates may continue to have a positive impact on property's appeal.

Positive developments in the regulatory sphere and among support schemes may improve conditions for portfolio management, energy-related upgrades and new construction.

Due to rising market demand for care places, our activities in the Nursing and Assisted Living segment open up more opportunities for Deutsche Wohnen.

The residential and project development portfolio owned by Deutsche Wohnen offers further potential for growth in rents and market values, particularly in the Core^{+} regions.

Financial opportunities

The financial structure of Deutsche Wohnen is very stable and flexible. The Group's financing is long-term, and its debt ratio (LTV) is low. Our business model is well established with our banking partners.

With its ratings of A– from Standard & Poor's and A3 from Moody's, both currently with a negative outlook, Deutsche Wohnen remains one of Europe's best-rated property companies. Our issuer ratings give us greater financial flexibility.

Access to equity and debt markets, also in connection with the current very low interest rates, offer good chances for financing future growth.

As of reporting date, the company's market capitalisation amounted to approximately EUR 15 billion. As a result, Deutsche Wohnen is visible for international investors, which could lead to advantageous interest rates on the capital markets.

Opportunities from investments

We invest in our properties in order to further enhance the quality of our portfolio. We have also significantly boosted our new construction prospects through targeted investment with the aim of building over 10,000 residential and commercial units in the medium term. Most new construction projects are being developed for our own property portfolio, ensuring future growth. The opportunities here are not in fulfilling short-term return expectations, but rather in sustainable investments and value creation.

To assume its own corporate responsibility, and in the context of its sustainability strategy, Deutsche Wohnen is addressing the challenges for society that are posed by digitalisation and the transition to a low-carbon economy. On the one hand, this entails investments in heating plants, in order to make more efficient use of energy and avoid CO_2 emissions. At the same time, we are already investing in the multimedia infrastructure required to meet customers' digital needs in the future.

FORECAST

General economic conditions

Hope of recovery for the German economy: The DIW Berlin (German Institute for Economic Research) expects the German economy to recover quickly if the spread of the corona pandemic is brought under control over the course of the winter. In this case it could regain its pre-crisis level by the end of 2021. Otherwise there would be no recovery in the spring, which could bring about an even deeper recession. The DIW is currently forecasting growth by 5.3% for 2021, compared with a contraction by 5.1% in 2020.[1]

German residential property market

Residential investment market scores points for sustainability: The Corona-pandemic will continue to affect developments on the residential investment market in 2021. Several factors suggest that demand for residential investments will remain high in future. Particularly the fact that the market offers compellingly stable and predictable cash flows, even during a crisis. 2021 is expected to see a similarly high number of transactions on the institutional residential investment market as 2020. The transaction volume is forecast to match the five-year average of around EUR 19.0 billion.[2]

High new building requirement in metropolitan areas: The German Institute for Economic Research says almost 342,000 new apartments were needed in Germany in the years 2019 and 2020. Construction is significantly behind demand, with just 287,000 annual completions recently. The construction industry is working at high capacity, there is a shortage of trained builders and processes are long-winded, so it seems unlikely that new building can be increased to more than 300,000 residential units per year in the short term. Building work has increased significantly in almost all major cities, but this is still not enough to cover demand. Construction has to go up significantly over the long term, especially in Berlin, Munich, Stuttgart and Cologne.[3]

Rent cap exacerbates the situation in Berlin: According to an analysis by JLL, Berlin needs an additional 20,450 residential units per year until 2030 to cover future needs. The number of completions is expected to flatten out in the medium term, however, since the number of planning approvals is in decline and there is less land available for building. Furthermore, less is being invested in residential property due to the Berlin rent cap. In other words the rent cap is making the existing housing shortage worse.[4]

Rents and prices continue to rise: The low interest rate environment and competition between investors mean that demand for real assets is expected to remain high. Then there is the fact that the supply of freehold apartments has declined everywhere in recent years. This means that residential prices will continue to rise. Rental increases should be much more subdued in 2021, but the forecast is still for moderate increases above the rate of inflation, with slightly more pronounced regional differences.[5]

1 DIW weekly Report 50/2020
2 JLL, press release of 7 January 2021
3 Institut der deutschen Wirtschaft, IW-Report 28/2019, „Ist der Wohnungsbau dem richtigen Weg?"
4 JLL, Residential City Profile Berlin, 1st half-year 2020
5 JLL, press release of 22 January 2021

No end in sight for low interest rate policy: The expectation is that the European Central Bank (ECB) will leave prime interest rates in the euro area at their current extremely low level. Good financing conditions and low returns on alternative investments are therefore likely to favour demand for residential property going forward.

Forecast for the financial year 2021

Our forecast is based on the company planning as derived from the planning instruments. The planning is based on the assumption that the legislation on the so-called "rental freeze law" in Berlin [Gesetz zur Neuregelung gesetzlicher Vorschriften zur Mietenbegrenzung – MietenWoG Bln], will be rescinded by the Federal Constitutional Court towards the middle of the year. Potential risks and opportunities of future development have been taken into account. Risks and opportunities for future development nevertheless remain, as described in the section on risks and opportunities. The planning also includes assumptions about macroeconomic developments and the performance of the residential property market. The forecast does not include any further acquisitions or opportunistic disposals unless notarised contracts had already been signed at the time of the planning.

Risks and opportunities from page 58

We expect FFO I to be roughly the same as the previous year and adjusted EBITDA (excluding disposals) of approximately EUR 700 million in 2021. The forecast for 2021 includes the reductions in rental income of almost EUR 34 million in total from institutional portfolio purchases and sales contracts signed in 2020.

Our plans for the financial year 2021 with regard to the individual segments are as follows:

In the segment **Residential Property Management** we are expecting segment earnings of around EUR 730 million. Current maintenance costs in 2021 will come to between EUR 9 per sqm and EUR 10 per sqm, or almost EUR 100 million in total. We do not expect any material change in the vacancy rate as compared with year-end 2020.

The **Disposal** segment is mainly planning institutional portfolio sales from strategic core and growth markets in 2021. Decisions will be taken opportunistically depending on the situation. As in prior years, commonhold apartments will also be sold to owner-occupiers and investors as part of the privatisation programme.

For the **Nursing Operations** and **Nursing Assets** segments we are expecting total earnings of some EUR 70 million.

Current interest expenses are expected to come to around EUR 135 million. The debt ratio (Loan-to-Value ratio) is expected to be within our target range of 35% to 40% by the end of 2021.

The valuations of our properties depend to a large extent on prices in the transaction market. Given that the outlook for the German residential property market remains positive, particularly in metropolitan areas, we expect the value of our property portfolio to develop positively in the financial year 2021 and a resulting increase in EPRA NTA compared with 2020.

REMUNERATION REPORT

The remuneration report describes the remuneration system for the members of the Management Board and Supervisory Board of Deutsche Wohnen SE for the financial year 2020, and explains the structure and amount of individual components of remuneration for each individual board member in detail. Remuneration is governed by the German Stock Corporation Act [Aktiengesetz – AktG] and the provisions of the German Corporate Governance Code as amended on 16 December 2019 and is in line with the requirements of the German Commercial Code [Handelsgesetzbuch – HGB] and the International Financial Reporting Standards (IFRS).

Remuneration system for the Management Board

The system of remuneration for the Management Board and specific target total remuneration for individual Management Board members is defined by the Supervisory Board and reviewed at regular intervals. In accordance with article 87a of the German Stock Corporation Act [Aktiengesetz – AktG], the Supervisory Board shall adopt a new remuneration system that shall apply from the financial year 2021. The new remuneration system is presented to the Annual General Meeting 2021 for resolution.

The remuneration system is aligned with the company's sustainable development.

The criteria for appropriate Management Board remuneration include the responsibilities of the individual Management Board members, their personal performance, the economic situation, the company's performance and outlook. Remuneration is also measured against standards for the peer group and the company's internal remuneration structures. Remuneration data from MDAX companies was used to assess the total remuneration in financial year 2020 in relation to the standard market rate, as Deutsche Wohnen SE was listed on the MDAX when the current remuneration system was established by the Supervisory Board and until mid-2020. In this horizontal market comparison, the Supervisory Board took into account the relative size of Deutsche Wohnen on the relevant market and used the equally weighted size indicators of revenue, employees and market capitalisation to appraise the total remuneration in relation to the standard market rate. Overall, the remuneration system is aligned with the company's sustainable development.

As well as a non-performance-based basic annual salary, the Management Board members receive performance-based variable remuneration. This consists of variable short-term remuneration (short-term incentive) and variable long-term remuneration (long-term incentive). The variable short-term remuneration component is based on short-term corporate goals. The variable long-term remuneration component is intended to associate the Management Board members, who shape and implement the company strategy and so are largely responsible for its financial performance, with the economic risks and opportunities of the company. Variable remuneration can expire if targets are not met and is subject to a cap.

The variable remuneration is composed of a short- and a long-term component.

The Supervisory Board optionally uses virtual shares in Deutsche Wohnen (so-called Restricted Share Units) as an additional remuneration component for Management Board members who have assumed office with the company for the first time.

Share ownership guidelines (SOGs) are another important part of the remuneration system. They oblige the Management Board members to accumulate as fixed multiple of the annual basic salary in Deutsche Wohnen shares up to a date specified in the service contracts and hold them throughout their time working on the Management Board.

Retirement benefits (pensions, retirement annuities, pension commitments) are not granted to the members of the Management Board. In the event of occupational disability, there are entitlements to short-term temporary salary continuation.

Furthermore, Management Board members receive in-kind benefits in the form of insurance premiums, the private use of communication devices and company cars. In the event of extraordinary developments the contracts also allow the Supervisory Board to approve a special bonus. The contracts only provide for a compensation payment in the event of premature termination of activity due to a change of control, which is limited to a maximum of three years' remuneration. There are no other claims for compensation in the event of the resignation of a member of the Management Board.

Variable remuneration components

The remuneration system is based on parameters reflecting personal and company performance and the relative performance of the company share. Variable performance-based remuneration is largely calculated on a long-term assessment base. Share ownership guidelines further strengthen the focus on the capital market and the alignment of shareholders' interests with those of the Management Board of Deutsche Wohnen. The variable remuneration system for the Management Board as described below corresponds to the provisions of the German Stock Corporation Act [Aktiengesetz – AktG] and follows the recommendations and suggestions of the German Corporate Governance Code.

Variable short-term remuneration component – short-term incentive (STI)

The STI is based on both financial and non-financial performance targets. These are aligned with the current company strategy and short-term company goals, and are agreed between the Management Board and the Supervisory Board at the beginning of every financial year. At least two financial and two non-financial performance targets are set for each financial year, whereby the financial performance targets account for 80% of the total target performance. The Supervisory Board defines the financial performance targets in consideration of the budget for the respective year. For the achievement of the strategic non-financial targets, 100% performance represents the goal. Payments are capped at a maximum of 125% of the target, aggregated across the three financial and non-financial targets. No payment is made if the aggregate performance is below 75% of the target.

80%
of the total target performance is determined by financial targets.

Performance against the financial and non-financial targets is measured after the close of each financial year. The amount of the final annual bonus payment is capped at 125% of the target.

For the financial year 2020 the financial performance targets were (i) FFO I per share (40% weighting), (ii) cost ratio (staff, general and administration expenses divided by contracted rental income; 10% weighting) and (iii) institutional sales net margin (30% weighting). In the context of non-financial performance targets, strategic targets were set with a total weighting of 20%, covering developing the equity story, customer and employee satisfaction and implementing the strategic sustainability programme.

20%
of the total performance is determined by non-financial targets.

At its meeting on 15 March 2021, the Supervisory Board set a target performance for the Management Board of 125% for the financial and non-financial performance for the financial year 2020. The FFO I came to EUR 1.56 per share and was able to exceed the planned figures by the Supervisory Board of about 4%. The net margin for institutional disposal was 20% and nearly doubled in comparison to the forecast. The cost ratio was at 12.2% and thereby about 7% below the corresponding forecast.

In the financial year of 2020 the economic environment of Deutsche Wohnen SE has changed due to the circumstances of the coronavirus pandemic. In addition to the increased economic uncertainty, the regulatory interventions in the berlin residential real estate market have an impact on the company's business. The Management Board members of Deutsche Wohnen have agreed to waive the part of the STI remuneration exceeding 100%. The Supervisory Board has therefore decided to pay out 100% of the STI remuneration for the financial year 2020.

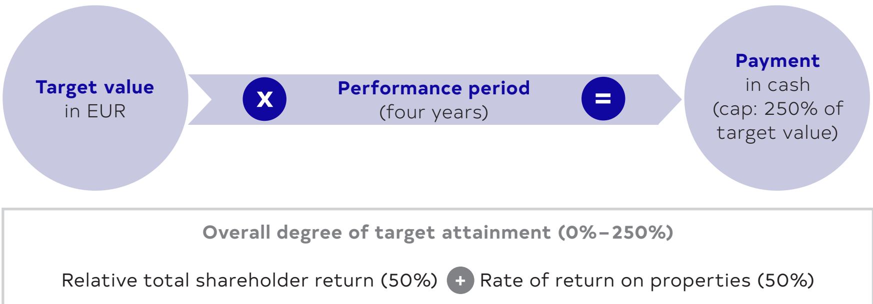
For the financial year 2021, the financial performance targets were (i) FFO I per share (40% weighting), (ii) general and administration expenses ratio (10% weighting) and (iii) block sales net margin (30% weighting). In the context of non-financial performance targets, strategic targets were set with a total weighting of 20%, covering customer and employee satisfaction, improving energy efficiency of housing stock, formulating the ESG strategy and further developing the sustainability rating.

For 2021, the performance targets will be slightly sharpened.

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

Management Board members receive a cash payment as part of a Performance Cash Plan. The remuneration system is based on parameters that are transparent, performance-related and based on the company's sustainable development. The Performance Cash Plan provides for LTI payments to be capped at 250% of the target value.

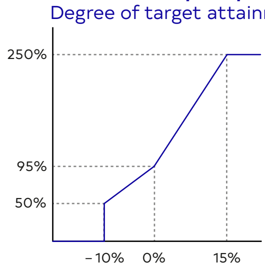
Performance Cash Plan
Mode of operation



Management Board members receive a target amount in euros for each tranche of the Performance Cash Plan. This target amount is multiplied by the total target performance after a four-year performance period. Total target performance is made up of two equally weighted performance targets, which are added together. Using the relative share performance and the property yield (EPRA NAV growth plus dividend yield) mean the amount of the variable long-term incentive payment depends on both an external comparison with competitors and on the performance of Deutsche Wohnen.

The relative share performance target reflects both the general capital market performance and the performance of competitors. During the four-year performance period the total shareholder return (TSR) of the Deutsche Wohnen share is compared with the FTSE EPRA/NAREIT Germany Index[1]. Outperformance is defined as the difference between the TSR of the Deutsche Wohnen share and that of the peer group. The starting price for the Deutsche Wohnen share and the FTSE EPRA/NAREIT Germany Index is the arithmetic mean of the closing prices on the 30 trading days immediately preceding the start of the performance period. The final price is calculated in the same way, as the arithmetic mean of the closing prices on the 30 trading days immediately preceding the end of the performance period. When calculating the relative share performance, dividends paid during the respective years are assumed to have been reinvested. The relative share performance over the four-year performance period is measured on the following scale:

Relative share price performance
Degree of target attainment

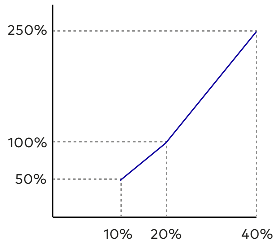


Outperformance over four years

- For an outperformance of –10% compared with the FTSE EPRA/NAREIT Germany Index[1] the performance is 50%; below –10% the performance is 0%.
- If the TSR of Deutsche Wohnen and the peer group are the same, the performance is 95%. The target figure of 100% is therefore only achieved for a positive outperformance compared with the peer group.
- The maximum performance of 250% is achieved for an outperformance of +15% and above.
- Performance between these two figures is interpolated on a linear basis.

Using the property yield as a performance target incentivises the Management Board members to sustainably increase the NAV of Deutsche Wohnen as well as dividend payments to shareholders. This entails a percentage comparison of EPRA NAV per share (adjusted for goodwill) at the beginning of the performance period with the corresponding figure at the end of the performance period. Total annual dividend yields, which express the ratio of the respective annual dividend to EPRA NAV per share for the previous year, are added to this figure. The performance of the property yield over the four-year performance period is measured on the following scale:

Rate of return on property
Degree of target attainment



Rate of return on property over four years

- For a property yield of 10% the performance is 50%; below 10% the performance is 0%.
- The target value of 100% is only achieved for a property yield of 20% and above.
- The cap of 250% is reached for a property yield of 40%.
- Performance between these two figures is interpolated on a linear basis.

Performance against the two targets is measured at the end of the four-year performance period and published in the remuneration report. The payment of any tranche is capped at 250% of the target originally agreed.

1 Members as at December 2020 are Vovnovia SE, Deutsche Wohnen SE, LEG Immobilien AG, Aroundtown SA, TAG Immobilien AG, alstria office REIT AG, Grand City Properties, Adler Group (ADO), Deutsche Euroshop AG, Hamborner REIT, TLG Immobilien AG

Before financial year 2018 the LTI was structured as a share option programme ("SOP 2014"). To reflect the interests of shareholders in a sustainable increase in enterprise value, the share options can only be exercised if the defined performance targets are achieved at the end of the four-year vesting period, specifically: increase in the (i) adjusted NAV per share (40% weighting), (ii) FFO I (excluding disposals) per share (40% weighting) and (iii) share performance (20% weighting). Within each of the targets mentioned there is a minimum target that must be achieved before half the share options attributable to this target can be exercised. There is also a maximum target at which all the share options attributable to this target can be exercised. The minimum is set at a performance of 75% and the maximum at 150% across all individual targets. The performance targets include both the absolute change in the sector-specific indicators EPRA NAV per share (adjusted for goodwill) and FFO I per share on the basis of the company's four-year planning before share options are issued, as well as the relative performance of the Deutsche Wohnen share compared with a peer group of publicly listed competitors in Germany. The vesting period for a tranche of share options starts on the issue date and ends at the close of the fourth anniversary of the issue date. The options may be exercised over a period of three years. Share options that are not exercised by the end of the total seven-year period are forfeited or expire without substitute or compensation.

The long-term incentive was structured as a share option programme until 2018.

At its meeting on 27 April 2020 the Supervisory Board approved agreements (known hereafter as "compensation agreements") between the company and the Management Board members Michael Zahn, Philip Grosse and Lars Urbansky, as well as the former Management Board member Lars Wittan, to offset the adverse effects on remuneration of the legislation announced by the Berlin Senate on 5 June 2019 to cap and reduce residential rental rates in Berlin [MietenWoG Berlin, the "Berlin rent cap"]. Before adopting the resolution on 27 April 2020 the Supervisory Board had determined that the announced Berlin rent cap had a significantly negative impact on the company's share price, although the relevant performance of the shares in peer group companies, which is used to determine the LTI, was not adversely affected, or to a much lesser extent, by the Berlin Senate's announcement. At the meeting, the Supervisory Board determined that it is highly probable that the company's share price will recover much of its value if the Federal Constitutional Court holds that the Berlin rent cap is not consistent with the German Constitution. In the assessment of the Supervisory Board the long-term remuneration from share options granted under the share option programme 2014 for 2016 and 2017 would also have been considerably higher without the rent cap, since without the Berlin rent cap the hurdle rate for one of the performance targets (relative share performance compared with the adjusted EPRA/NAREIT Germany index; 20% weighting) would not have been missed. The Supervisory Board believes that the Berlin rent cap would jeopardise the sustainability and rigour of the long-term remuneration if these one-off effects were not taken into account separately.

Supervisory Board resolves extraordinary adjustment of the LTI.

Under these circumstances the Supervisory Board considered it reasonable to make an extraordinary one-off adjustment to the LTI performance periods of the Management Board members Michael Zahn, Philip Grosse and Lars Urbansky and the former Management Board member Lars Wittan to ensure that the announcement of the rent cap and the ruling on it by the Federal Constitutional Court always fall in the same LTI performance period, so that both of these extraordinary price-relevant events are contained within a single period. The effect of the compensation agreements in this regard is to adjust the LTI performance periods for measuring the relative share performance that is used to determine the LTI. The adjustment of the LTI performance period is determined in accordance with a compensation date defined in the compensation agreements. The compensation date is the last day of the third month following the month in which the Federal Constitutional Court has ruled on whether the Berlin rent cap is unconstitutional. If, for example, the Federal Constitutional Court rules in June 2021, a performance period of 1 January 2019 to 31 December 2023 would apply to the LTI remuneration granted in 2020 and a performance period of 1 January 2019 to 31 December 2024 would apply to the LTI remuneration granted in 2021.

The compensation agreements also stipulate that the Management Board members Michael Zahn and Philip Grosse and the former Management Board member Lars Wittan are granted, subject to specific conditions, subscription rights to share units (SU) that correspond to a minimum achievement of the performance target in the share option programme 2014 (relative share performance compared with the EPRA/NAREIT Germany index; 20% weighting). The agreed value of each SU corresponds to the reference price of the Deutsche Wohnen SE share as of the relevant compensation date, plus a notional dividend. The subscription requirements are deemed to be in place if the Federal Constitutional Court determines that the Berlin rent cap is unconstitutional and the closing price of the company share reaches or exceeds the amount of EUR 35.56 on at least one trading day in XETRA by Deutsche Börse AG between the date of the ruling of the Federal Constitutional Court and the compensation date, or if the Federal Constitutional Court rules that the Berlin rent cap is constitutional and the change in the value of the company share between 1 January 2019 and the compensation date corresponds at a minimum to the change in value of the EPRA/NAREIT Germany index in this period.

The settlement of the SU is equivalent to 60% of the total number of SU in shares of the company. The difference between the value of the shares transferred and the SU value in total is paid as a cash payment, including the notional dividend. For the active members of the Management Board, the information is contained in the compensation tables. The amount of Lars Wittan from EUR 67 thousand corresponds to the present value of 1,575 SU.

When structuring the compensation agreements the Supervisory Board ensured that the impact on the Management Board is only positive to the extent that it is backed up by a corresponding share performance that also benefits shareholders, and that the Management Board members concerned do not profit from extraordinary share price increases in view of a ruling by the Federal Constitutional Court, but at the same time should not be unreasonably penalised.

Restricted Share Units

Management Board members Henrik Thomsen and Lars Urbansky also receive virtual shares known as "Restricted Share Units" (RSU). The RSU are allocated in tranches over four years on 1 April of each financial year. The number of RSU to be allocated in each financial year is defined in advance in the service contracts for Management Board members. The agreed value of each RSU corresponds to the reference price of the Deutsche Wohnen SE share on the allocation date, plus a notional dividend. The amount of the corresponding annual gross company dividend per share must be added to each RSU in the year of its allocation and every year thereafter. Allocations end if the Management Board member entitled to allocations leaves the company for whatever reason.

RSU are settled in cash or, in the event of an extension of the service contract of the Management Board member entitled to allocations, in the year of allocation of the final tranche, usually on the day on which the variable short-term remuneration component (STI) for the year concerned is paid out. On this date the company transfers to the Management Board member entitled to allocations the number of company shares corresponding to 60% of the number of RSU acquired by the Management Board member (RSU convertible shares). The Management Board member receives the difference between the value of the RSU convertible shares and the value of the RSU including the notional dividend as a cash payment on the aforementioned date.

In all other cases the virtual shares are settled on 15 April of the first year after the last tranche has been allocated, on condition that the Management Board member entitled to allocation has not declined an offer to renew their service contract on the same terms, or has terminated their service contract without a good reason or their contract has been terminated for a good reason.

The RSU convertible shares may be sold no sooner than four years after the time of allocation of the relevant tranche.

Share ownership guidelines

In 2018 share ownership guidelines (SOG) were introduced at Deutsche Wohnen in order to strengthen the focus on capital markets and a shareholding culture. The Management Board members of Deutsche Wohnen undertake to invest 300% of their basic salary (Chief Executive Officer) or 150% of basic salary (ordinary Management Board members) in Deutsche Wohnen shares over a period of four years and to hold them until they cease to be a member of the Management Board. During an accumulation period, the Management Board members undertake to build up annual interim holdings of company shares. This means that at the end of each financial year the total shareholding (including shares already held) of Management Board members Michael Zahn and Philip Grosse must be at least 25% of the total STI payments (net) made after 1 January 2018. The accumulation period for the Management Board members Michael Zahn and Philip Grosse ends on 31 December 2021. In an accumulation period from 1 April 2019 to 31 March 2023, the total shareholding (including shares already held) of Management Board member Lars Urbansky at the end of each financial year must be at least 25% of the total STI payments (net) made after 1 January 2020. In an accumulation period from 1 January 2020 to 31 December 2023, the total shareholding (including shares already held) of Management Board member Henrik Thomsen at the end of each financial year must be at least 25% of the total STI payments (net) made after 1 January 2020.

Share ownership guidelines govern the share ownership rules for the Management Board.

Total Management Board remuneration

Management Board members were entitled to the following remuneration for their Management Board work:

Michael Zahn – Chief Executive Officer (Member of the Management Board since 01/09/2007)

	Gratuities				Inflow	
EUR thousand	2019 Target	2020 Target	2020 Min.	2020 Max.	2019	2020
Fixed salary	1,025	1,025	1,025	1,025	1,025	1,025
Fringe benefits	34	37	37	37	34	37
Total fixed remuneration	**1,059**	**1,062**	**1,062**	**1,062**	**1,059**	**1,062**
Short-term incentive (STI)	500	500	0	625	587	610
Long-term incentive (LTI) 2018–2022	750	750	0	1,875	1,527[1]	1,500[2]
Postponed remuneration SU[3]	0	201	0	201	0	0
Total variable remuneration	**1,250**	**1,451**	**0**	**2,701**	**2,114**	**2,110**
Total	**2,309**	**2,513**	**1,062**	**3,763**	**3,173**	**3,172**

1 Cash benefit from exercised options 2019
2 Cash benefit from exercised options 2020
3 The amount corresponds to the present value of 4,550 SU

Philip Grosse (Member of the Management Board since 01/09/2016)

	Gratuities				Inflow	
EUR thousand	2019 Target	2020 Target	2020 Min.	2020 Max.	2019	2020
Fixed salary	437	450	450	450	437	450
Fringe benefits	22	23	23	23	22	23
Total fixed remuneration	**459**	**473**	**473**	**473**	**459**	**473**
Short-term incentive (STI)	281	300	0	375	264	366
Long-term incentive (LTI) 2018–2022	375	400	0	1,000	0	137[1]
Postponed remuneration SU[2]	0	16	0	16	0	0
Total variable remuneration	**656**	**716**	**0**	**1,391**	**264**	**503**
Total	**1,115**	**1,189**	**473**	**1,864**	**723**	**976**

1 Cash benefit from exercised options 2020
2 The amount corresponds to the present value of 385 SU

Lars Urbansky (Member of the Management Board since 01/04/2019)

	Gratuities				Inflow	
EUR thousand	2019 Target	2020 Target	2020 Min.	2020 Max.	2019	2020
Fixed salary	225	300	300	300	225	300
Fringe benefits	16	22	22	22	16	22
Total fixed remuneration	**241**	**322**	**322**	**322**	**241**	**322**
Short-term incentive (STI)	150	200	0	250	0	183
Long-term incentive (LTI) 2018–2022	75	100	0	250	0	0
Postponed remuneration RSU[1]	137	114	0	114	0	0
Total variable remuneration	**362**	**414**	**0**	**614**	**0**	**183**
Total	**603**	**736**	**322**	**936**	**241**	**505**

1 The amount corresponds to the present IFRS value of 3,125 RSU

Henrik Thomsen (Member of the Management Board since 01/10/2019)

	Gratuities				Inflow	
EUR thousand	2019 Target	2020 Target	2020 Min.	2020 Max.	2019	2020
Fixed salary	113	450	450	450	113	450
Fringe benefits	5	19	19	19	5	19
Total fixed remuneration	**118**	**469**	**469**	**469**	**118**	**469**
Short-term incentive (STI)	75	300	0	375	0	75
Long-term incentive (LTI) 2018–2022	88	350	0	875	0	0
Postponed remuneration RSU[1]	0	183	0	183	0	0
Total variable remuneration	**163**	**833**	**0**	**1,433**	**0**	**75**
Total	**281**	**1,302**	**469**	**1,902**	**118**	**544**

1 The amount corresponds to the present IFRS value of 5,000 RSU

No loans or advance payments were made to members of the Management Board of Deutsche Wohnen SE in financial year 2020.

The following share options have been granted on the basis of the previous share option programme 2014:

	Michael Zahn					Lars Wittan					Philip Grosse				
	2014	2015	2016	2017	Total	2014	2015	2016	2017	Total	2014	2015	2016	2017	Total
Basis: 150% of LTI in EUR thousand	1,125	1,125	1,125	1,125		390	390	390	600		n/a	n/a	112.5	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	194,437	22,995	16,142	16,003	18,867	74,007	n/a	n/a	3,937	10,613	14,550
Exercisable options	66,332	46,565	38,961	0	151,858	22,995	16,142	13,506	0	52,643	n/a	n/a	3,323	0	3,323
Thereof exercised options	66,332	46,565	38,961	0	151,858	22,995	16,142	13,506	0	52,643	n/a	n/a	3,323	0	3,323
Remaining options	0	0	0	35,377	35,377	0	0	0	18,867	18,867	n/a	n/a	0	10,613	10,613

The final number of share options that can be exercised per tranche is determined at the end of the four-year vesting period, depending on performance against the criteria mentioned above. The exercise period is three years and the exercise price is EUR 1.00.

After the Supervisory Board had determined the level of performance, the third tranche (2016) of the share option programme 2014 became eligible for exercise in financial year 2020 as shown in the table. Michael Zahn, Philip Grosse and Lars Wittan exercised their subscription options in full in financial year 2020 and received shares from the contingent capital 2014/III.

The result recognised for share-based remuneration in the reporting period is composed of EUR 173,332.69 in income for tranche 3 and EUR 44,776.69 in expenses for tranche 4. The reported year 2020 resulted in balanced income of EUR 128,556.00, namely EUR 96,003.26 for Michael Zahn, EUR 28,729.36 for Lars Wittan, EUR 3,823.38 for Philip Grosse, EUR 0.00 for and Henrik Thomsen and EUR 0.00 for Lars Urbansky.

As well as outstanding share options, as of 31 December 2020, Michael Zahn held 111,565 shares, Philip Grosse held 26,007 shares, Henrik Thomsen held 4,273 shares and Lars Urbansky held 3,665 shares in the company.

Remuneration system for the Supervisory Board

Each member of the Supervisory Board receives fixed annual remuneration of EUR 75 thousand, the Chair of the Supervisory Board receives three times this amount and the Deputy Chair one-and-a-half times this amount. For membership of the Audit Committee, a member of the Supervisory Board receives an additional EUR 15 thousand per financial year and the Chair of the Audit Committee receives twice this amount. A fee of EUR 5 thousand per member and committee is paid for each financial year for membership of other Supervisory Board committees; the committee chair receives twice this amount. Total remuneration, including remuneration for membership of Supervisory Board committees and comparable supervisory boards of Group companies, may not exceed EUR 300 thousand per member of the Supervisory Board – regardless of the number of committee memberships and functions – per calendar year (not including any VAT payable).

EUR 300 thousand

is the maximum total compensation per member of the Supervisory Board per year.

The remuneration paid to members of the Supervisory Board in the financial year 2020 amounted to a total of EUR 749,375 (previous year: EUR 744,167) net of value added tax. Matthias Hünlein received EUR 247,500 net (previous year: EUR 255,000), Dr Andreas Kretschmer received EUR 63,750 net (previous year: EUR 127,500; left the Supervisory Board as of June 2020), Jürgen Fenk received EUR 116,875 net (previous year: EUR 95,000), Arwed Fischer received EUR 80,833 net (previous year: EUR 43,750), Kerstin Günther received EUR 52,500 net (member of the Supervisory Board since June 2020), Tina Kleingarn received EUR 82,917 net (previous year: EUR 77,917), Dr Florian Stetter received EUR 105,000 net (previous year: EUR 105,000).

The company reimburses the members of the Supervisory Board for their out-of-pocket expenses. The VAT payable on the remuneration is reimbursed by the company to the extent that the members of the Supervisory Board are entitled to invoice the company for separate VAT and they exercise this right.

Furthermore, the members of the Supervisory Board are included in the D&O insurance of Deutsche Wohnen SE.

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 [Handelsgesetzbuch – HGB]

Issued capital and shares

The registered share capital of Deutsche Wohnen SE as at 31 December 2020 amounted to EUR 359,843,541.00 (previous year: EUR 359,715,653.00). It is divided into 359,843,541 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 et seq., 118 et seq. and 186; as a result, the company has no rights from its own shares in accordance with section 71b German Stock Corporation Act [Aktiengesetz –AktG]. There are no shares with special rights conferring powers of control.

Equity interests representing more than 10% of voting rights

Pursuant to section 33 para. 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 [Wertpapierhandelsgesetz – WpHG]. BlackRock, Inc. reported a direct or indirect stake in the share capital of Deutsche Wohnen SE in 2020 that exceeded the threshold of 10% of voting rights. However, as of 31 December 2020, there has been an indirect shareholding of 11.48% 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 15 June 2018, which was entered into the commercial register on 16 August 2018, the Management Board was authorised to increase the company's issued capital, with the consent of the Supervisory Board, by originally up to EUR 110 million once or several times during the period until 14 June 2023 by means of the issuance of up to 110 million new ordinary bearer shares against cash contributions and/or contributions in kind **(Authorised Capital 2018/I)**. This authorisation was partially utilised amounting to EUR 2,617,281.00 by issuance of 2,617,281 new shares. After partial utilisation, the Authorised Capital 2018/I continues to exist in the amount of up to EUR 107,382,719.00 through the issuance of up to 107,382,719 new no-par value bearer shares. The shareholders must always be granted subscription rights within the scope of the authorised capital. However, in certain cases, the Management Board will be entitled to exclude the subscription rights of shareholders with the consent of the Supervisory Board and subject to the detailed provisions of the Articles of Association.

Contingent Capital

Contingent capital for compensation of GSW shareholders

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 serves to grant compensation in the form of shares in the company to the external shareholders of GSW Immobilien AG ("GSW") in accordance with the provisions of the domination agreement between the company and GSW dated 30 April 2014, 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 para. 4 of the domination agreement. To the extent that this is necessary pursuant to section 5 para. 2 of the domination agreement, the company will pay compensation for fractional shares in cash. EUR 9,220,002.00. of this Contingent Capital 2014/II had been used – by means of the issuance of 9,220,002 new no-par value bearer shares with a corresponding increase in the issued capital – by 31 December 2020, with EUR 5,779,998.00 remaining as at 31 December 2020. An Appraisal Proceeding pursuant to section 1 para. 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 para. 4, sentence 3 of the German Stock Corporation Act [Aktiengesetz – AktG], exchange their GSW shares for Deutsche Wohnen shares in accordance with the terms of the offer, the ruling in the shareholder action or an amicable settlement reached in this context, within two months of the publication in the German Federal Gazette [Bundesanzeiger] of the final ruling in the shareholder action. Should a court order or the terms of an amicable settlement determine 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 additional settlement or compensation payments. In light of this, an issuance of shares remains a possibility.

Contingent capital to serve the share option programme 2014

Furthermore, the contingent increase of the registered capital, originally 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 to issue 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. EUR 207,824.00 of this Contingent Capital 2014/III had been used – by means of the issuance of 207,824 new no-par value bearer shares with a corresponding increase in the issued capital – by 31 December 2020, with EUR 12,671,928.00 remaining as at 31 December 2020.

The **Contingent Capital 2015/I** amounting to 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.

Contingent capital to serve the convertible bonds 2017 – 2024

The **Contingent Capital 2017/I** amounting to EUR 30 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 4 October 2017 pursuant to the authorisation of the Annual General Meeting of 2 June 2017. The share issue will only take place 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.

Contingent capital to serve the convertible bonds 2017 – 2026

A resolution adopted by the Annual General Meeting held on 15 June 2018 authorised the contingent increase of the issued capital by up to a further EUR 35 million by issuing up to 35 million new no-par value bearer shares **(Contingent Capital 2018/I)**. If conversion rights or warrants are exercised or conversion or warrant obligations are met, the contingent capital increase serves to issue shares to the holders 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 14 June 2023 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 15 June 2018. The resolution adopted at the Annual General Meeting held on 15 June 2018 authorised the Management Board with approval 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) with a 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 35 million. The share issue will only take place 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.

Contingent capital to serve future conversion or option obligations

Acquisition of own shares

The acquisition of own shares is authorised pursuant to article 9 para. 1 c) (ii) SE Regulation in conjunction with section 71 et seq. German Stock Corporation Act [Aktiengesetz – AktG] and also, as at the balance sheet date, by the Annual General Meeting held on 15 June 2018. The Management Board is authorised, with the consent of the Supervisory Board and subject to compliance with the principle of equal treatment of shareholders pursuant to article 9 para. 1 c) (ii) SE Regulation in conjunction with section 53a German Stock Corporation Act [Aktiengesetz – AktG] to purchase and use the company's own shares until 14 June 2023 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 own shares the company has previously acquired and still holds or are attributable to it under section 71a et seq. of the German Stock Corporation Act [Aktiengesetz – 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.

Utilising the authorisation the Management Board of Deutsche Wohnen SE, with consent of the Supervisory Board, resolved to carry out a share buy-back programme on 12 November 2019 with a maximum volume of up to 25 million shares of Deutsche Wohnen SE for a total maximum purchase price (excluding incidental costs) of up to EUR 750 million. The total number of shares which have been bought back under the share buy-back programme until its premature termination from 15 November 2019 up to and including 14 September 2020 thus amounts to 16,070,566 shares. This corresponds to a calculated share of 4.47% of the share capital of Deutsche Wohnen SE. The purchase price per share amounted to EUR 37.1675 on average. In total, shares were bought back for an overall purchase price of EUR 597,302,731.08. The shares bought back shall be used for purposes permitted by the authorisation to acquire own shares by the Annual General Meeting of 15 June 2018. More detailed information pursuant to article 5 section 1 lit. b) and section 3 of the Regulation (EU) No. 596/2014 in conjunction with article 2 section 2 and section 3 of the Commission Delegated Regulation (EU) No. 2016/1052 is available on the Internet at www.deutsche-wohnen.com/share-buy-back

Share buy-back programme up to 25 million shares resolved

Share buy-back programme

As at 31 December 2020, the company held 16,070,566 own shares. A share capital of EUR 16,070,566.00 is attributable to these 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 para. 1 and 39 para. 2 SE Regulation and sections 84 and 85 of the German Stock Corporation Act [Aktiengesetz – 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 article 8 para. 1 and para. 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 the Articles of Association the Management Board has to consist of at least two members.

According to article 59 SE Regulation, the Annual General Meeting decides on changes to the Articles of Association. Pursuant to section 14 para. 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 para. 1 sentence 2 of the German Stock Corporation Act [Aktiengesetz – AktG] in conjunction with section 14 para. 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, 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 issued by Deutsche Wohnen SE, especially convertible bonds and bearer bonds, existing credit lines and loan agreements between Deutsche Wohnen SE or 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.

CORPORATE MANAGEMENT

We have published the information according to section 289f and section 315d of the German Commercial Code [Handelsgesetzbuch – HGB] on our website.

Declaration on
Corprate Governance

Berlin, 19 March 2021

Michael Zahn
Chair of the
Management Board

Philip Grosse
Management Board

Henrik Thomsen
Management Board

Lars Urbansky
Management Board

NON-FINANCIAL GROUP STATEMENT

In accordance with the German CSR Directive Implementation Act (CSR-RUG), Deutsche Wohnen SE is publishing a non-financial Group statement for financial year 2020 in accordance with sections 315b and 315c in conjunction with sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch – HGB). It covers the material non-financial topics that have been determined in 2020 on the basis of their significant impact for the environment, employees, social matters, corruption, bribery and human rights and their relevance for the business of Deutsche Wohnen. We have based our reporting on the standards of the Global Reporting Initiative. The reported key figures are internally defined performance indicators.

The non-financial Group statement is based on the standards of the Global Reporting Initiative.

An internal evaluation process was set up involving the specialist departments and the Management Board to determine the material topics for the non-financial Group statement in accordance with CSR-RUG. It was updated in financial year 2020. The impact of Deutsche Wohnen on the sustainability topics mentioned in the legislation and their relevance for an understanding of the company's performance and earnings were evaluated on the basis of the GRI Standards. Once the evaluation had been completed by the specialist departments and validated by the Management Board, the following topics were determined as material for Deutsche Wohnen. The non-financial Group statement is structured in line with our five areas of action and matches the structure of the sustainability report.

Material topics for 2020 as per CSR-RUG, allocated to aspect

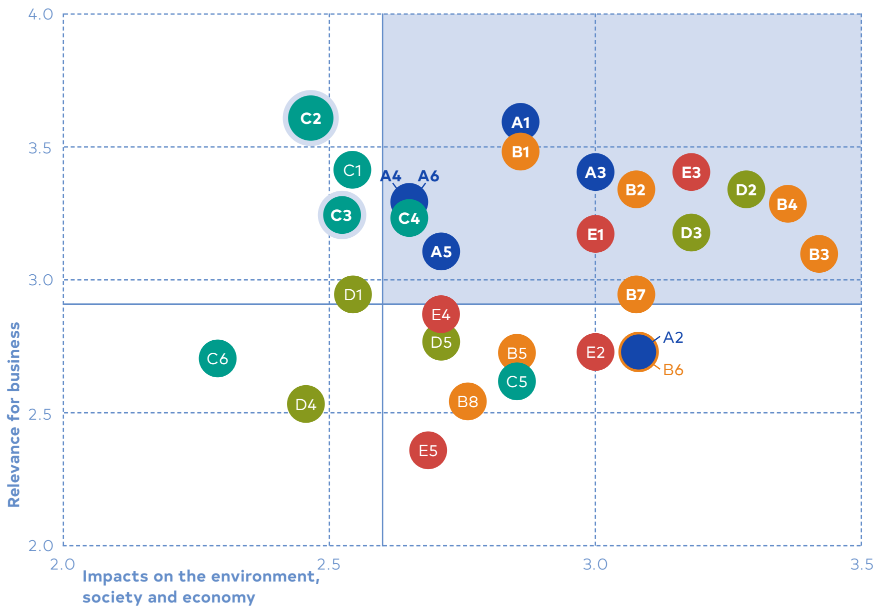
Aspect as per CSR-RUG	Material topics for Deutsche Wohnen	Areas of action
Anti-corruption and anti-bribery matters + respect for human rights[1]	A.1 Long-term economic stability A.3 Transparency and dialogue with stakeholders A.4 Compliance A.5 Doing business fairly A.6 Data protection	Responsible corporate governance
Customer matters as additional aspect supplementary to the 5 classic CSR-RUG aspects + respect for human rights[1]	B.1 Customer satisfaction and dialogue B.2 Customer health and safety B.3 Creation of housing in conurbations B.4 Maintenance and refurbishment B.7 Selection of sustainable suppliers and materials for maintenance, refurbishment and new construction work	Responsibility for our customers and properties
Employee matters + respect for human rights[1]	C.2 Recruiting C.3 Training and education C.4 Work-life balance/family-friendly working conditions	Responsibility for our employees
Environmental matters	D.2 Energy in new/converted buildings and existing holdings D.3 Emissions for new/converted buildings and existing holdings	Responsibility for the environment and the climate
Social matters + respect for human rights[1]	E.1 Development of residential districts E.3 Dialogue with policymakers, local authorities, associations, citizens and other local communities on the future of housing	Responsibility towards society

1 The aspect "respect for human rights" is relevant to all topics that have a connection to human rights in the broader context.

An internal risk analysis within the meaning of CSR-RUG (sections 315b and 315c in conjunction with 289c to 289e HGB) was also carried out on the basis of the material topics. No material non-financial risks were identified for 2020.

Other activities and measures taken by Deutsche Wohnen SE in the context of its sustainability management are presented in the combined management report. This non-financial Group statement refers to the corresponding sections. With respect to risks and risk management, we also refer to the combined management report in addition to the information provided in this statement.

Deutsche Wohnen's materiality matrix 2020



Material topics
Other material topics as per validation by Management Board (C.2, C.3)

The non-financial Group statement has undergone a voluntary limited assurance review by the auditing firm KPMG AG. Further information on the sustainability activities of Deutsche Wohnen SE is included in the full sustainability report, which will be prepared according to the GRI Standards ('Core' option) and is expected to be published in May 2021 at www.deutsche-wohnen.com/sustainability

Sustainability report

Business model

Deutsche Wohnen is one of the leading publicly listed property companies in Germany and Europe. Its property portfolio includes some 160,000 residential and commercial units with a fair value of approximately EUR 26.2 billion. Our portfolio also comprises nursing properties with approximately 10,580 beds and assisted living apartments with a fair value of around EUR 1.2 billion. Further information about our business model can be found in the combined management report.

Responsible corporate management

During the coronavirus pandemic, the home was even more strongly the centre of people's lives, becoming a place of work and education too. Housing is all the more important under these circumstances and in view of its social and ecological dimensions. Deutsche Wohnen is well aware that this increases its own responsibilities.

The importance of housing continues to grow.

Above and beyond the current changes, Deutsche Wohnen is confronted by additional challenges. These include the ongoing trend towards urban living, which is accompanied by a shortage of housing and rising rents in metropolitan areas and conurbations, where most of our portfolio is situated. Demographic change and an ageing society are also crucial contemporary issues that require new solutions in order to deliver housing and services suitable for old people.

The property sector furthermore has a key role to play in achieving climate action targets, as one third of carbon emissions in Germany are caused by buildings and their inhabitants[1]. At the same time, the sector has to invest more vigorously in digital transformation. This will enable it to make its own business models and services more efficient and perform better against its sustainability targets, especially in terms of conserving resources.

One third of carbon emissions are caused by property sector.

We are also confronted with a stricter regulatory environment, such as the Berlin rent cap, which hinders investment and weakens the economic basis for our business model. Deutsche Wohnen will only be able to meet increasing ecological and social expectations if the company has the necessary financial strength to do so.

Our sustainability strategy

Responsible corporate governance provides the framework for the other areas of action also set out in our mission statement. These include responsibility for our customers, our property portfolio and its socially ethical refurbishment, new construction and our employees. In addition, we protect the environment and the climate and engage with the communities on our estates and in the surrounding neighbourhoods. We undertake to act with integrity, to respect human rights and to comply with legislation and regulations, particularly concerning data protection. Equivalent obligations to meet compliance and sustainability criteria also apply to our business partners.

Our mission statement for sustainability

Our sustainability strategy is based on addressing challenges with commitment and a sense of responsibility and reconciling the different expectations and requirements. We strive to play a leading role in terms of sustainability within the residential property industry and to enhance the transparency and comparability of sustainable activities.

1 https://www.umweltbundesamt.de/themen/klima-energie/energiesparen/energiesparende-gebaeude#eigentuemer

Our aim is to create affordable accommodation in metropolitan areas with modern, sustainable neighbourhoods that combine housing, working and living. In our new construction projects, we aim for certification to DGNB Gold standard. We are expanding the Nursing and Assisted Living segment and implementing new residential concepts that enable old people to enjoy their lives and their homes.

We believe that climate action is the responsibility of society as a whole and can only be achieved by policymakers, businesses and residents working together. Our contribution is the extensive investments we make in the quality, sustainability and energy efficiency of our portfolio. These are focused on refurbishing the buildings and modernising the heating systems, providing tenants with electricity from renewable sources, efficient, decentralised heat generation and sustainable mobility concepts in our neighbourhoods.

We invest in the quality, sustainability and energy efficiency of our portfolios.

As a strong partner within the urban community we also take collective action together with our stakeholders to create liveable, cosmopolitan and healthy estates and to support art, culture, education and sport.

Sustainability programme to coordinate targets and activities

Our sustainability programme consists of strategic and operationalised targets along with associated measures in our five areas of action. It also documents our progress and degree of goal achievement in the corresponding fields. The programme paves the way for steering our sustainability-related objectives, which also contribute towards achieving our corporate goals. The sustainability strategy is the responsibility of the whole Management Board. The Sustainability Management/CSR Reporting department, which ensures operational implementation, is overseen by the CFO. We have also established an interdisciplinary sustainability committee with a remit comprising the strategic management and further development of both sustainability within the company and the sustainability programme.

Upholding human rights

Deutsche Wohnen commits to respect for human rights as an elementary part of responsible corporate governance. Our aspiration and goal is for human rights to be observed in all areas of our business. Deutsche Wohnen expects its business partners to do the same and to ensure their own business partners, subcontractors or service providers likewise fulfil their human rights due diligence obligations. The code of conduct for Deutsche Wohnen business partners clarifies these expectations on the basis of the Conventions of the International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights. In the reporting year, we also analysed parts of our value chain from a human rights risk perspective, following the National Action Plan for Business and Human Rights adopted by the federal government.

Analysis of potential human rights risks in the value chain on page 98

An instrument for human rights violations disclosure is the whistle-blower system for employees, customers and business partners. In the reporting period, no human rights violations were registered.

Close, trust-based dialogue with our stakeholders

As a large residential property management company, we are the focal point of many different interests. Our clients, shareholders and employees – as well as academics, policymakers, authorities and the general public – rightly monitor how we fulfil our responsibility. The different demands and opinions of our sustainability activities are a permanent challenge for us, but also an opportunity to redouble our endeavours to make responsible business an essential part of our strategy. We aim to achieve a fair balance between the different needs and interests.

Systematic, regular surveys of the stakeholder groups are among the most important instruments of dialogue. At the same time we are developing new formats for this dialogue with policymakers and opinion leaders at federal, regional and municipal levels and are increasing our interactions with representatives of civil society.

Transparent sustainability figures

We constantly strive to make our reporting more transparent. Our activities in this regard are guided by the most important assessment systems and ESG ratings used by our industry. Deutsche Wohnen has reported according to the GRI global standards since 2013. We also follow the best practice recommendations for sustainability reporting from EPRA (EPRA sBPR), the association of publicly listed property companies.

Best practice recommendation from EPRA

Economic stability ensures sustainable future

Deutsche Wohnen takes a long-term approach in its business activities. As our company is oriented towards the capital market, we assume our financial responsibilities and are obliged to safeguard our shareholders' interests. The economic fallout from the coronavirus pandemic in 2020 was relatively slight for Deutsche Wohnen, compared with other sectors of the economy. This is partly due to the government support, which also benefited our tenants and our business partners. We additionally attribute this in part to our resilient and stable business model and our risk-conscious business strategy. The economic stability of our company is ensured by the size and quality of our property portfolio and by concentrating on attractive metropolitan areas and conurbations within Germany. Investments in the new construction of residential and nursing properties in growth regions also make us more competitive. We also improve the quality, energy efficiency and future viability of our portfolio by refurbishing our property portfolio.

Deutsche Wohnen intends to exploit the opportunities brought by digitisation, the internet of things and artificial intelligence, and is particularly focused on holistic, integrated smart living concepts.

Maintaining integrity with compliance and anti-corruption

Deutsche Wohnen is dependent on gaining and keeping the trust of customers, buyers and business partners. We aspire to put our values, especially honesty, integrity and openness, into practice every day, as well as the principles and rules of responsible corporate governance. One prerequisite for integrity is compliance with legislation and internal policies.

Our values determine our practice every day.

We do not tolerate any form of corruption or other improper business activities, and we expect the same of our business partners. Conflicts of interest must also be avoided at all times.

Policies and processes established

Our employees are held accountable for compliance with the internal Code of Conduct.

Deutsche Wohnen has set out policies that further define the stipulations required by legal provisions and which apply to all employees across the Group.[2] There are anti-corruption guidelines with supplementary detailed instructions on compliance with the law and internal rules for the prevention of corruption and bribery. Without exception, these prohibit unlawful influence being exerted on or by business partners in the form of preferential treatment, gifts being given or received, or any other benefits being granted. All employees must confirm that they have received the guidelines and also acknowledge them upon commencing their employment.[3] Managers are responsible for ensuring their staff understand the importance of complying with these policies.

The rules to prevent corruption are a central part of the compliance management system at Deutsche Wohnen. All business divisions and processes are subject to regular review with regard to compliance risks. We investigate any suspected violations and cases of corruption when they arise and as part of our regular risk reporting. All transactions which have implications under competition law, such as acquisitions, undergo careful and thorough checks.

Responsibilities within the compliance management system

Training increases awareness of compliance.

The Management Board, the Group Compliance Officer, the Legal/Compliance team and managers in particular are responsible for compliance with statutory provisions and internal guidelines, but so are all employees. Managers and staff receive compliance training by means of face-to-face and online courses.

In the reporting year, the Legal/Compliance team worked with an external adviser to evaluate and refine the compliance management system (CMS). The aim was to identify further measures to improve the internal control structures on the basis of an updated analysis of the compliance risk profile for Deutsche Wohnen's commercial environment and taking the existing CMS framework into account.

Compliance system for tax legislation

Deutsche Wohnen commits without reservations or limitations to compliance with tax regulations. Tax optimisation is necessary, but only within the statutory framework and with respect for general legal norms. The Deutsche Wohnen Group has implemented a tax compliance system to ensure compliance with its legal obligations and to avoid risks associated with taxes and tax law.[4] It consists of rules and instructions that are adapted as needed to changes in the statutory framework and the business environment. It also defines tasks and responsibilities, as well as specific notification and reporting obligations.

The adequacy of the tax compliance system is audited by an external law firm specialised in tax matters. The last audit took place in 2019 and did not give rise to any objections. Some aspects of tax compliance are also covered by internal audits.

2 With the exception of ISARIA München Projektentwicklungs GmbH, which was acquired in summer 2020.
3 This relates to all companies with employees, except FACILITA, ISARIA München Projektentwicklungs GmbH, SYNVIA media GmbH, PFLEGEN & WOHNEN HAMBURG and Katharinenhof.
4 The tax compliance system applies to Deutsche Wohnen SE and companies majority owned, directly or indirectly, by Deutsche Wohnen SE and for which it acts as an internal agent.

Whistle-blower system for confidential reports

A whistle-blower system has been set up for information about potential cases of non-compliance. It enables the company's employees, customers and contractual partners to report information on suspected serious violations of either the law or other regulations to a legal counsel. This can be done anonymously if desired; whistle-blowers are protected by the legal counsel's duty of confidentiality.

No new cases of corruption at Deutsche Wohnen or a subsidiary were registered in the reporting period, and there were no confirmed cases resulting in employees being warned or dismissed for corruption.

Business partner code focuses on integrity and compliance

Deutsche Wohnen has implemented a code of conduct for its business partners, which defines the requirements concerning compliance with legal provisions, as well as integrity and ethical standards. We expect our business partners to follow all the applicable laws and regulations, in particular anti-corruption, money laundering, antitrust, competition, environmental, data protection and capital market legislation, to treat their employees fairly and responsibly and to fulfil their human rights due diligence obligations. An obligation to comply with the code is an integral part of all material new contracts.

Business partners have a contractual obligation to comply with the code.

We also implemented a purchasing policy as of year-end 2020. It defines the responsibilities of the central and decentralised purchasing functions, working relationships with business partners and concrete specifications in terms of quality, compliance and sustainability.

Analysis of potential human rights risks in the value chain

To identify potentially negative human rights impacts in our value chain we carried out a risk analysis in the reporting year, concentrating on trades and the construction industry. The focus on these sectors was decided on as a result of the large amount of past business with tradespeople in the course of ongoing maintenance, refurbishment and new letting, and the high level of planned investment in new construction. Our analysis followed the five core elements of the federal government's NAP. It began by identifying eight areas of human rights that could potentially be relevant to Deutsche Wohnen, on the basis of recognised international and human rights law and including interviews with experts. We then ranked these potential risks using the criteria *Connection to our company and Ranking by severity*. The connection to our company was assessed using contractual and commercial relations to suppliers and the complexity of our own value chain. The severity depends on the extent, the scope and the reversibility of the potential human rights infraction. Risks ranked as high-priority were the right to fair pay, safe working conditions, social security and job security. On the basis of this analysis we will examine the extent to which our existing management approaches cover these potential risks and the extent to which they can be reduced by taking specific action. We consider the performance of NAP risk analyses as a continuous process, which has to be adjusted and updated on an ongoing basis.

Ensuring end-to-end data protection and data security

Data protection and data security are a high priority for us.

Deutsche Wohnen processes personal data – primarily belonging to its customers, employees, applicants and business partners – for example in order to fulfil its contractual obligations or for purposes stipulated by law. Handling data responsibly and complying with statutory data protection provisions is a high priority for us.

The German Federal Data Protection Act (BDSG) and the General Data Protection Regulation (GDPR) define the relevant rules for how the company handles personal data.

Responsibilities and processes defined

The Management Board is responsible for data protection at the level of Deutsche Wohnen SE. It has appointed an external data protection officer, who works with the Data Protection Coordinator and an employee in the Legal/Compliance team. This team handles all data protection enquiries and draws on the resources of the data protection contacts in the respective departments. IT Security provides assistance with technical issues relating to data protection.

The necessary technical and organisational measures have been implemented at Deutsche Wohnen to protect personal data and ensure data is secure. They include non-disclosure agreements with employees, policies, instructions and data protection forms. Employees receive basic training in data protection and IT security when they start work.

We have established clear processes for handling potential data protection incidents. All employees are called on to report any suspicions to the Data Protection team. The circumstances are then assessed and next steps determined in cooperation with IT Security and the relevant department. This enables the data protection authority to be notified within the 72-hour deadline and the data leak to be addressed without delay.

Continuous assessment of data protection risks and incidents

The Data Protection team audited the main processes in 2020 together with the data protection contacts.

There were no data protection incidents in 2020 in our company.

There were no data protection incidents in 2020 and no unauthorised access to Deutsche Wohnen data was reported to the Data Protection team in the context of mandatory notification of a data leak.

One case from 2019 was followed up in the reporting year. The competent supervisory authority issued an administrative order imposing a fine on Deutsche Wohnen in the fourth quarter of 2019, to which the company filed a protest. The charges made in the order relate to a Deutsche Wohnen data archiving solution which has already been replaced. Following submission of a protest by the company, the district court subsequently discontinued the proceedings as the administrative order imposing the fine was invalid. The Data Privacy and Freedom of Information Officer immediately lodged a complaint with regard to the ruling of the Berlin district court.

Responsibility for our customers and properties

Making our property portfolio and new construction sustainable

Our core business is subject to a changing regulatory environment as well as social and ecological challenges. Housing shortages, rising rents, demographic change, climate action and the need to use resources efficiently all call for forward-looking solutions, some of which are hindered by factors like the Berlin rent cap, which discourage investment.

We create additional housing in conurbations with sustainable new construction projects.

People in Germany are now much more likely to live alone than just three decades ago. This mainly concerns the big cities, where almost half of single households live. Pressure on these housing markets will continue to rise, because the number of residents is also increasing significantly. A tight housing market further means that many households are overwhelmed by the costs of accommodation.

In the reporting year, the coronavirus pandemic brought housing even more to the forefront of the public consciousness. Social restrictions meant that people's lives took place to an even greater degree than before in their own home. The coronavirus pandemic also brought further advances in the digitisation of our lives and homes and boosted the market for smart home solutions. Digitisation will be a leading area of action for the real estate industry in particular, and therefore also for Deutsche Wohnen.

We want to continue offering our customers affordable and secure housing in attractive neighbourhoods going forward. To do so, we not only invest in the quality of our portfolio with our maintenance and refurbishment measures, but also create additional housing in conurbations with sustainable new construction projects. In all our building work, we pay particular attention to the use of materials that meet health and environmental standards and require our suppliers to make commitments to assuming their social and ecological responsibility.

Focus on customer satisfaction (B.1)

Customer satisfaction safeguards our economic success and is a top priority for our company. With this in mind, we constantly work to improve our service quality and be even better at addressing our tenants' changing needs. We also strive to be a partner for our customers that enables them to enjoy good, multi-generational, liveable housing. We therefore take a holistic view of our estates, from the outdoor areas and infrastructure to energy supplies and mobility.

Customer satisfaction is of great importance to us.

More than anything else, we see it as our responsibility to offer our clients fair living conditions, thereby giving them security and the ability to plan their lives. So we adapt our rent policies to the individual circumstances and incomes of our tenants and have enshrined this principle in our *Promise to our tenants*.

Dialogue with our tenants

To improve our customer service, we have also established the Deutsche Wohnen customer portal, making our services available around the clock. For instance, customers can use this to view all the information relating to their rental agreement, check the status of their rent payments, deposit or energy performance certificate, or adjust their advance payment.

We are constantly working to improve our quality of service.

In 2020 we also introduced the Central Customer Service function to reduce the time it takes to deal with requests and make it easier to offer a personal service. This step is also a response to feedback from our customer surveys.

We additionally give our customers the opportunity to address their requests directly to the commercial or technical staff in our offices. Our letting offices are there to respond to enquiries from potential tenants.

Latest tenant survey on satisfaction with the living situation

Deutsche Wohnen completed its annual tenant survey in the third quarter of 2020, covering some 31,000 households. A participation rate of 33% for the survey was roughly as high as the previous year (2019: 36%). Customer satisfaction rose again in many areas, by an average of 2.8%. The biggest increases were in peoples' rating of the state of stairwells, cleaning and the image of our company. Satisfaction with Deutsche Wohnen went up year on year from 78% to 82%. Satisfaction with the apartment was again equally high at 88% (2019: 87%). Our tenants are particularly happy with how friendly our staff are (91%).

88%
customer satisfaction

Performance indicator	2020	2019
Tenant survey: satisfaction with living situation	88%	87%
Satisfaction with Deutsche Wohnen as a landlord	82%	78%

Social responsibility for our tenants

We express our responsibility for fair housing conditions for our customers in our voluntary commitment, *Our promise to our tenants*. In this way, we are shifting the focus to our tenants' individual income and living conditions and are also capping rent increases in cases of hardship. We also let one in four apartments in the new lettings process to tenants who are entitled to a certificate of eligibility for social housing as a means of limiting the consequences of gentrification and maintaining a diverse social mix at our holdings. Furthermore, Deutsche Wohnen has since 2017 concluded additional project-based agreements with various Berlin boroughs regarding the socially responsible execution of complex refurbishment measures.

Special support for tenants during the coronavirus pandemic

We have assured our tenants that no one will lose their apartment during the pandemic. We have set up support packages for both residential and commercial tenants, which range from concrete help with payment difficulties and information about legislation to protect tenants, to advice on applying for government aid and contacts to social services that offer counselling. For the duration of the coronavirus pandemic we are not enforcing rents or terminating contracts for tenants with payment difficulties, nor are we increasing rents.

In the reporting year we set up a coronavirus relief fund of EUR 30 million to support tenants, business partners and service providers in financial distress as a result of the pandemic. Applications for funding are carried out in a preferably unbureaucratic process. To finance this fund, the shareholders of Deutsche Wohnen adopted the proposal by the Management Board and Supervisory Board to the Annual General Meeting to distribute a dividend of EUR 0.90 per share for financial year 2019. This represents a reduction in the distribution ratio originally planned of five percentage points to approximately 60%. By doing so, the Deutsche Wohnen shareholders expressed a clear commitment to solidarity in the coronavirus crisis.

EUR 30 million
relief fund to support people in financial distress as a result of the pandemic.

To date, approximately 1,000 tenants have approached Deutsche Wohnen requesting to postpone rent payments as a result of the coronavirus pandemic. The proportion of tenants who made use of the aid fund as well as current overall utilisation of the fund are low. In addition to rent reductions, the aid fund is also deployed for social matters. We will be upholding the term of the fund for as long as the coronavirus pandemic and its effects for our tenants persist. We expect to make further payments from the fund during the current financial year, among other things to support tenants, business partners and service providers who are not receiving sufficient support under government aid programmes.

Strict hygiene requirements for contacts with tenants and employees

During the pandemic we have implemented the stipulated health regulations to contain the spread of the coronavirus quickly, by closing playgrounds for example. Appointments to view apartments, hand over keys and sign rental agreements did not take place as usual, but rather were organised by making arrangements without personal contact. Viewing appointments were carried out in a safe and customer-friendly way in the showroom and with the help of 360-degree visualisation software.

When carrying out maintenance and modernisation work and in contacts with tenants, we have instructed that the hygiene requirements were followed strictly to protect our customers and staff and the employees of the contractors. The steps were discussed with our internal job safety professionals and the safety committee.

Focus on health and safety of our customers (B.2)

The health and safety of our customers is of great importance to us. Here, we are especially stringent about avoiding risks when removing, eliminating and disposing of contamination during refurbishment projects as well as with regard to pollution in the soil. Additionally we would like to guarantee the use of sustainable construction materials that pose no risk to health. Deutsche Wohnen controls the safety of the housing facilities and apartments for the benefit of customers and other users by coordinating the activities of the operating companies DWCF, DWI and FACILITA.

The way in which hazardous building materials are dealt with is regulated by guidelines and legislation. In the area of technical building regulations, Deutsche Wohnen complies with the applicable laws and directives regarding the removal and disposal of hazardous waste such as the Technical Rules for Hazardous Substances (Technische Regeln für Gefahrstoffe – TRGS) and the Asbestos Removal Directive (Asbestsanierungsrichtlinie – AsbestSanRl). Expert opinions are obtained before refurbishment begins and contractors are appointed on the basis of the model contract for architects and engineers. Further steps in the process include inspections, sampling and the documented disposal of hazardous materials that are not permitted to remain in the building in accordance with the regulations.

Safe handling of hazardous materials

A large proportion of the apartments within the Deutsche Wohnen portfolio was not built by the company itself. Occasionally, materials can be found in these buildings which were technically modern at the time of building, but which are now considered harmful if released.

Potentially harmful substances found in existing buildings such as asbestos, "old" man-made vitreous fibres (MMVF), polycyclic aromatic hydrocarbons (PAH) and paint which contains lead are generally removed and replaced with suitable materials in the course of maintenance work, new lettings or refurbishment projects. Dangerous waste is disposed of in line with regulations to ensure it does not pose a risk to people or the environment. We treat the land with due care during refurbishment and new construction projects. Plots for new builds are treated in accordance with the statutory requirements of the German Federal Soil Protection Act (BundesBodenschutzgesetzes – BBodSchG).

Maintenance and refurbishment for a sustainable property portfolio

Our property portfolio comprises around 155,400 residential and 2,900 commercial units.

Our extensive investments in recent years play a primary role in the maintenance, future viability and quality improvement of our properties. As well as equipping apartments with up-to-date fixtures, the focus here is on making energy efficiency improvements to the buildings, upgrading technical systems, increasing safety and making the apartments even more comfortable and convenient. In the past years, we have completed complex energetic refurbishment of approximately 8,000 apartments for around 16,000 people. This not only enables us to ensure that our properties and estates are fit for the future. Compared with demolition and rebuilding, a refurbishment also avoids the use of what is known as grey energy. This refers to the carbon emissions caused by the construction process, in particular for the production of materials such as steel, concrete and aluminium. Their continued use is therefore a contribution to climate protection and resource efficiency.

We aim to strike a proper and fair balance between social considerations, the interests of our company and those of the residents in our estates. We intend to live up to this aspiration in particular in our planning and implementation of maintenance and refurbishment measures. The aim is to find workable solutions for our customers, such as temporary accommodation, reductions in rent or assistance in cases of financial hardship.

Our commitment to fairness and social responsibility on page 112

Our intention is to by so doing also increase acceptance of maintenance and refurbishment work, and to continue our policy of dealing sensitively with topics in the focus of public opinion, like new construction and socially responsible climate action, and encouraging dialogue about them.

Maintenance work and refurbishment projects, including technical and commercial management and the protection of tenant interests, are carried out in close cooperation with DWI/DWKS, DWCF, DWM and FACILITA.[5]

Our newbuild strategy to create more housing in urban areas

There is a shortage of almost two million affordable homes in conurbations and metropolitan areas in Germany, because new construction continues to lag behind demand, despite rising numbers of housing completions.[6] Deutsche Wohnen wants to do its part to solve the problem and is continuing its strategy of making use of the potential for new construction on its own land and on brownfield sites.

Overall, the company will invest in excess of EUR 5 billion in the construction of new residential, nursing and office properties in the next ten years. We will thus build around 15,000 new residential units and 265,000 sqm of commercial space, with a total usable area of approximately 1 million sqm mostly in the metropolitan regions Berlin-Brandenburg, Leipzig, Dresden, Hamburg, Munich, Stuttgart and Frankfurt/Main. In the period to 2025 alone, this will give some 10,000 people a new home.

EUR 5 billion
we will invest in new construction over the next ten years.

Our new construction strategy aims to develop cutting-edge estates where people can live, work and make their home, today and in the future. We would love to create more housing even more quickly by means of new construction in order to further ease the strain on the residential property markets. However, the official requirements and laws, such as the agreed rent cap, serve as an obstacle to investment – especially in Berlin. We are therefore also planning to create new housing in other German metropolitan regions in future.

The management team at DWCF holds operational responsibility for new construction projects, including development, planning and building work.

Prioritising sustainable building

New construction projects and selected refurbishment projects are planned and executed in accordance with the recognised certification system of the German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB). We consider a building's entire life cycle and pay particular attention to using high-quality, environmentally friendly materials and realising sustainable energy, water and transport concepts. For new builds, we aim for certification to the DGNB Gold standard.

Sustainable supply chain and materials

We purchase energy, procure services from both tradespeople and technical firms, and award contracts for supply and disposal activities. The sourcing of construction materials is the responsibility of the tradespeople, building companies, architects and engineers who work for us and is based on the specifications defined in tenders and catalogues of standard products. We primarily source services directly from local or national tradespeople, planners and construction companies.

5 Deutsche Wohnen Immobilien Management GmbH and Deutsche Wohnen Kundenservice GmbH, Deutsche Wohnen Construction and Facilities GmbH, Deutsche Wohnen Management GmbH, FACILITA Berlin GmbH

6 https://www.boeckler.de/de/boeckler-impuls-unbezahlbare-mieten-4100.htm

We are fully aware that the materials we use have effects on the environment – be it when raw materials are sourced, during the manufacturing process or when they are disposed of. To avoid negative impacts to the greatest possible extent, we take ecological and health-related aspects into account when we make purchasing decisions. The products' durability is especially important to us.

We are currently working on a standard construction catalogue, including a product catalogue, where all quality specifications will be defined. In future this will serve as a standard guideline for all departments and business partners in both new construction and refurbishment projects.

High safety standards on building sites

To guarantee the occupational safety of the suppliers and external construction companies on building sites, we primarily use contracts based on Germany's Regulations on Contract Awards for Public Works (Vergabe und Vertragsordnung für Bauleistungen – VOB/B). These stipulate that the contractor is responsible for order at the building site and for meeting all of their obligations in relation to their workers. From a particular building site size up, we notify the Berlin State Office for Occupational Safety, Health Protection and Technical Safety (Landesamt für Arbeitsschutz, Gesundheitsschutz und technische Sicherheit Berlin – LAGetSi) of our building activities in accordance with the Construction Site Ordinance (Baustellenverordnung – BauStellV) and put a health and safety plan (SiGe-Plan) in place. Compliance is monitored by means of a health and safety coordinator (SiGeKo), a function which is required when employees from more than one contractor are working on the site.

Responsibility for our employees

We want to be an attractive employer.

Qualified and motivated employees are crucial for our company's success. So we want to be an attractive and modern employer in the eyes of both our employees and potential new recruits. To achieve this we have to find answers to the challenges currently facing us. They include an ongoing shortage of skilled employees, demographic change and the transformation of the working environment, which, spurred on by the coronavirus pandemic, is increasingly defined by online communications and mobile, flexible working from a home office.[7]

We intend to manage these vital topics proactively in the interest of our company's success and with the aim of contributing to the enhanced satisfaction of our employees. Our attractiveness as an employer is a key factor in persuading young talents to start their career with our company and to retain specialist staff and managers. For this reason we continuously strengthen our system of vocational and professional training, offer flexible working hours for a better work-life balance and create a working environment that promotes good health. We also attach great importance to an appreciative corporate culture based on equal opportunities, diversity and openness. We are guided in these endeavours by our employer values.[8]

7 The coronavirus pandemic has not significantly affected our human resources strategy or its main goals. The only impact in this area was with respect to putting measures into action (e.g. changes to core working hours, encouragement of mobile working, training and professional development mostly to take place remotely).

8 The personnel activities described below and the performance indicators shown refer to all our companies with employees, apart from FACILITA, ISARIA München Projektentwicklungs GmbH, SYNVIA media GmbH, PFLEGEN & WOHNEN HAMBURG and Katharinenhof. Comments on PFLEGEN & WOHNEN HAMBURG and Katharinenhof can be found in the section Our responsibility as employers in the Nursing and Assisted Living segment.

Clear responsibilities defined

Overall responsibility for personnel issues forms part of the CEO's remit. The relevant Human Resources department is responsible for staff management as well as for staff and organisational development comprising the internal continuing professional development programme, occupational health management, recruitment, vocational training, HR marketing, internal communications and the shaping of the *digital workplace*. It is also responsible for the systematic management of change processes within the organisation, and for advising on structural projects in the company's operating units.

Attracting and retaining employees

Many employees in Germany will reach retirement over the next few years and will no longer be available to the labour market as a result. More than half the companies in the real estate industry report a significant shortage of skilled employees.[9] The decline in the number of applicants is a clear indicator of this. To attract new talents, we have adopted a strategy of establishing contact as early on as possible, getting to know one another, and providing comprehensive information about working at Deutsche Wohnen. This takes the form of an on-boarding process comprising individual induction guidelines, mentoring schemes and feedback meetings.

	2020	2019	2018
Number of apprentices employed and students on dual degrees in the reporting year[1]	30	25	24
Staff turnover[1]	9.5%	11.5%	10.2%
of which at the initiative of employer	44.2%	40.8%	32.1%
of which at the initiative of employee	49.0%	52.8%	60.4%

1 Ratio disclosed for the first time in the reporting year. Prior year figures were not subject to review.

We strengthen our internal and external HR marketing continuously in order to position Deutsche Wohnen as an attractive employer. Along with such established instruments as job adverts, flyers and campaigns, we make consistent use of digital formats including the LinkedIn and Xing channels and other social media.

Fair pay and a share of company profits

We offer fair remuneration in line with the market and made a commitment in July 2018 not to lay off any staff. This commitment initially applies for three years. Our pay structure establishes uniform standards with no gender bias and forms the basis for staff in comparable positions to receive equal pay. We rolled out a bonus programme in 2018 which rewards long-term staff loyalty by allowing our employees to share in the company's success. Deutsche Wohnen also rewarded its employees for their dedication in the reporting year with the maximum tax-exempt coronavirus bonus. The total volume came to approximately EUR 1.2 million.

We rewarded our employees for their dedication in the reporting year with a coronavirus bonus.

HR development focuses on vocational and professional training

To succeed as a company, we need well-qualified, motivated employees who share our values and put them into practice in their day-to-day work. We want to fill key positions at our firm with in-house experts and retain top performers over the long term. With that in mind, structured staff development is at the heart of our HR strategy. This is designed to enable employees to develop their personal strengths and to cater for their needs.

9 https://www.e-b-z.de/presse/news-und-pressemeldungen/ebz-personalentwicklungsstudie.html

We primarily rely on in-house training to ensure that we have sufficient qualified staff going forward, and offer apprenticeships in property management and office management. Students can enter the world of work by joining us as an intern, a student employee or – following the successful completion of their degree – as a trainee. In 2020, Deutsche Wohnen employed 56 apprentices and 13 students on dual courses.[10]

Numerous awards as employer and vocational trainer

We were voted a *Fair Company* for our apprenticeships by the magazine karriere.de and again received the seal of *Excellence in Vocational Training* in 2020 from the Chamber of Trade and Industry. In addition, we were ranked by the business magazine *Capital as one of Germany's Best Vocational Trainers*. In the reporting year we were also among the top-ranked companies in the study *Germany's Most Popular Employers* and received an award for *Top Career Opportunities 2020* in a nationwide test.

Equipping staff for future challenges

We determine the need for training by means of regular staff surveys and discussions with employees. In the reporting year the focus was on statutory training courses and qualifying managers to lead work processes remotely (virtual leadership).

Based on the development potential and needs identified, we are implementing a company-wide education programme that is accessed via a dedicated online portal and regularly evaluated by us. Our employees took part in a wide range of training courses in the reporting year, despite the pandemic. Whenever possible the courses were offered remotely. On the basis of feedback from our employees, we have found that this approach is very practicable for job-specific subjects and so intend to expand it to other topics, if the contents are suitable.

	2020	2019	2018
Training ratio whole workforce	59.9	43.0	54.8
Training ratio managers	87.2	78.6	81.9
Apprenticeship ratio[1]	6.2%	5.6%	5.4%

1 Ratio disclosed for the first time in the reporting year. Prior year figures were not subject to review.

Our training activities focus particularly on strengthening our managers' skills. We specifically prepare them for their changing role in an increasingly digitised working world and enhance their expertise in cross-generational collaboration with increasingly flexible forms of employment. For our junior managers we organise modular training courses that prepare them for their leadership role. The modules focus on the participants' perceptions of their own leadership role and on leadership methods.

In addition to offerings for current and upcoming managers and our team-building exercises, we also train our employees in their specific area of responsibility and in more general topics, concentrating particularly on law, stress management, communication with customers and negotiation.

10 As of the reporting date 31 December 2020

Encouraging work-life balance and family-friendly working conditions

We believe that the ability to combine work and private life and the creation of a family-friendly working environment are key factors for our attractiveness as a modern, socially responsible employer. Here, too, Deutsche Wohnen adapted to the new conditions imposed by the coronavirus pandemic and made its approaches to shaping a new world of work a vital subject for the future. We concentrate on innovative concepts for creating a mobile, flexible and digitally enabled workspace and on the leadership processes required to support this.

We made our approaches to shaping a new world of work a vital subject for the future.

As a result of the steps taken by the company to contain the coronavirus pandemic, most work was carried out from home in the reporting year. Another focus was on enabling variable working hours, also outside the core working hours, and on implementing the *digital workplace*.

The topics of work-life balance and family-friendly working conditions are evaluated in the course of our regular staff surveys and performance reviews. The unusual situation in the reporting year meant that instead of a full staff survey, we carried out a rapid survey of the current situation and working from home in the second quarter. The feedback on communication and cooperation was positive. The changes to working hours were also well received. However, around 20% of the workforce still saw potential for improvement in the general information policy.

	2020	2019	2018
Part-time working ratio[1]	13.7%	13.3%	12.1%
Working from home[1]	89.2%	42.9%	31.0%
Parental leave ratio[2]	5.8%	5.6%	5.4%
Illness rate[2]	5.9%	6.1%	6.1%
Employee satisfaction	n.a.[3]	77%	79%

1 Prior year figures were adjusted subsequently and were not subject to review.
2 Ratio disclosed for the first time in the reporting year. Prior year figures were not subject to review.
3 A full survey on employee satisfaction was not carried out in the reporting year.

In 2020, approximately 89% of our staff members made use of this opportunity and spent a total of 44,800 days working from home.

To further improve the work-life balance, we are introducing a model for flexible working hours on the basis of long-term time sheets, which goes beyond what is required by law. The idea behind this is to accommodate individual requirements at different times of life: when starting a family for instance, but also at the end of a career when employees may want to take early retirement or reduce their working hours gradually.

Digital infrastructure for mobile working and communication strengthened

We made further progress with the topic of a *digital workplace* in the reporting year. Steps taken in this area include the establishment of a new intranet structure and the creation of platforms for dialogue and team work across the company. Digital infrastructure at Deutsche Wohnen is now organised into three channels: we use platforms for discussions and working together, the intranet for communication, and networking tools for social interactions between employees.

Our responsibility as employers in the Nursing and Assisted Living segment

Demographic change in conjunction with a shortage of skilled employees represents a great challenge for the nursing sector. Even today, nursing facilities are short of around 120,000 carers.[11] Our aim is therefore to offer care staff an attractive workplace with fair pay and to strengthen their loyalty to our company. At the same time, we want to offer apprenticeships for carers to ensure we have qualified staff in future. Our care staff partly obtain their qualifications by means of mandatory training courses. To supplement this, we concentrate on developing the competences of managerial staff, such as the heads of nursing care and home managers.

We offer our care staff an professional qualification and fair payment.

The coronavirus pandemic raised particular challenges for the health and safety of the workforce and also for the residents and patients of the homes. In addition to implementing a pandemic plan as required by law, we endeavoured above all to establish reasonable, family-friendly rules for working hours and working from home for employees in periods when external childcare facilities and schools were closed. Childcare was initially offered within the facilities, depending on the rules in place in the individual state. Later, emergency childcare was offered for parents working in essential areas, which took some of the pressure off employees. To maintain a work-life balance regardless of the coronavirus pandemic, we also agreed on family-friendly shift work that particularly caters to the needs of mothers. For the financial year 2021 there will be a standardised consolidated reporting procedure developed in line with the group reporting.

Responsibility for the environment and the climate

Protecting the climate is a task for all of society

According to the German federal government's climate action plan, the building sector is to achieve greenhouse gas neutrality by the year 2050. As one of the largest property companies in Europe we are part of the sector which accounts for about a third of Germany's carbon emissions.[12] We therefore believe we have a responsibility do our part toward achieving a near-carbon-neutral building sector in Germany by 2050. In the years ahead we will invest extensively to improve the energy efficiency of our properties, to make use of combined heat and power systems with a view to sector coupling, and to construct new buildings with high energy-efficiency standards.

We want to make our contribution to a near-carbon-neutral building sector by 2050.

In addition, we have presented a scientifically sound concept for socially responsible climate action in the property sector, which overcomes the dichotomy between climate action and higher housing costs and enables a modernisation drive that will make an effective contribution to achieving the climate goals. We view climate protection as a task for the whole of society which the government, businesses and citizens must all take on in equal measure.

11 https://www.gs-qsa-pflege.de/wp-content/uploads/2020/02/2.-Zwischenbericht-Personal-bemessung-%C2%A7-113c-SGB-XI.pdf
12 https://www.umweltbundesamt.de/themen/klima-energie/energiesparen/energiesparende-gebaeude#eigentuemer

The housing sector can exercise vital leverage to protect the climate, but only when all the players in the industry act in concert. The initiative Wohnen.2050 was founded in early 2020 to facilitate networking among German housing companies and bundle their activities to protect the climate. Deutsche Wohnen also joined the sector initiative, which already has 80 business partners representing a total of some 1.7 million housing units. We further underline our commitment to climate action by supporting the Foundation 2° – German Businesses for Climate Protection, where we have been a sponsoring member since 2019.

We have joined the sector initiative Wohnen.2050.

Key decisions concerning the company's climate protection and environmental policies are taken by the Management Board. Processes are coordinated by the Chief Development Officer (CDO), whose direct reports include the dedicated management group, which meets regularly, and the investment board. Two internal departments reporting to the CDO are also responsible for the technical planning and implementation of energy efficiency refurbishment and modernisation measures as well as in new buildings, and for energy management and technology respectively.

Driving energy efficiency improvements in the property portfolio

More than half the Deutsche Wohnen portfolio was built before 1970 and has a much higher energy consumption than more recent buildings. The newer the buildings from the 1970s onwards, the more energy efficient they are. The holdings' final energy requirements and their age are taken into account when investment decisions are being made and form part of our medium-term investment strategy.

Deutsche Wohnen reinvests more than 40% of its rental income in maintaining and refurbishing its property holdings, updating its technical systems and making its energy supply climate-friendly, in particular with combined heat and power and also photovoltaics. The planned activities were carried out largely on schedule in the reporting year, despite the coronavirus pandemic.

As part of our portfolio investments, we once again invested more than EUR 300 million in refurbishing our holdings in the reporting year, of which approximately 10% in energy efficiency upgrades. This work focuses primarily on insulating facades, basement ceilings and roofs, refurbishing stairwells, fitting modern heating and hot-water systems, improving the standard of fixtures in our residential units, replacing windows or making them more energy-efficient and renewing heat generation plants. In doing so, we intend to keep meeting the requirements of the German Federal Immission Control Act (BundesImmissionsschutzgesetz – BImSchG) and the German Energy Saving Ordinance (Energieeinsparverordnung – EnEV) in the future.

Between 2015 and 2020, we complexly refurbished a total of approximately 8,000 residential units to enhance their energy efficiency. As a result, final energy requirements improved by an average of a good 30%.

Our wide-ranging refurbishment measures are having a positive impact on the energy efficiency of our portfolio. Based on energy data from late 2020, the energy efficiency of approximately 62% of our residential properties is better than the average for residential buildings in Germany (133.0 kWh/sqm per annum)[13]. The average consumption of our holdings stands at 125.1 kWh/sqm per annum, which marks a further positive change on the previous year (2019: 128.9 kWh/sqm per annum).

13 Source: BMWi, 2019a, 107

Performance indicator	2020	2019	2018
Average energy intensity[1]	125.1 kWh/ sqm per year	128.9 kWh/ sqm per year	132.3 kWh/ sqm per year

1 Weighted average of final energy consumption based on available current energy performance certificates of properties (the approximately 30,000 listed units are not taken into consideration because no energy certificate is required for them).

Energy-efficient, climate-friendly heat and power

Between 2018 and 2021, our subsidiary EMD Energiemanagement Deutschland GmbH is investing approximately EUR 20 million in the renewal and maintenance of the heat generation plants for some 18,000 residential and commercial units. These investments increase the operational stability and energy efficiency of the plants.

One of the main aims of upgrading the heating systems in our properties is to switch from fuel oil to more environmentally friendly sources of energy, in order to achieve further reductions in the carbon emissions from our portfolio. Around 40 heating plants are to be converted by 2022, which will reduce annual CO_2 emissions by around 450 tonnes according to our calculations. Increased use of combined heat and power plants also helps to protect the climate. Some 4,100 households are already supplied with heating from combined heat and power (CHP) plants. These plants generated roughly 13.6 GWh in heat and 11.1 GWh in electricity, which was fed into the public grid. In the reporting year the CHP plants therefore reduced CO_2 emissions by around 3,300 tonnes. In terms of the target set as part of our sustainability programme, we are therefore well on the way to achieving an annual reduction of 5,000 tonnes of CO_2 from 2022.

Green power and environmentally friendly mobility

As part of our procurement strategy, which has proved successful over many years, we cover most of our general power requirement with certified electricity from renewable sources. We source the general electricity for stairwell and hallway/corridor lighting at around 90% of our letting portfolio[14] and the majority of our administrative locations entirely from hydroelectric power.

For us the next step towards climate-friendly housing is to roll out decentralised power supplies using photovoltaic systems. Over the next ten years we will be investing approximately EUR 50 million in this, and in 2020 we agreed a cooperation with GETEC Energie Holding GmbH (GETEC), an energy services provider with operations throughout Europe. We are planning to install around 1,000 roof-based photovoltaic systems in the Deutsche Wohnen portfolio, with the first 20 successfully completed in Berlin-Hellersdorf in the reporting year. The power they produce is primarily available to the tenants in the buildings as green power that is not fed into the grid beforehand. This conserves resources and relieves pressure on the grid. Our portfolio has the potential to save a total of 14,000 tonnes of CO_2 every year.

1,000
roof-based photovoltaic systems are planed for our portfolio.

Deutsche Wohnen is also pursuing the promotion of climate-friendly mobility as a strategic goal and is taking various measures to this end. Electricity produced by the decentralised photovoltaic systems is also to be used in future to charge electric vehicles on the estates. Deutsche Wohnen intends to install more than 2,000 charging stations nationwide in cooperation with GETEC. This will require an investment volume of around EUR 25 million.

EUR 25 million
we will invest in charging stations for electric vehicles.

14 Not including nursing properties

Responsibility towards society

Commitment to liveable cities and social cohesion

We aim to create attractive living environments and neighbourhoods for people, whether they are young or old, single or part of a family. Modern living standards and an intact infrastructure are intended to increase their well-being and contribute to improving the social climate. The design of a housing estate also reflects on the surrounding neighbourhoods. We therefore want to strengthen the neighbourhoods within the districts by promoting diversity, integration and a vibrant community culture. Furthermore, we support social causes by means of our wide-ranging involvement in cultural, artistic and sporting projects and initiatives.

At the heart of our engagement is our *Promise to our tenants*, with which we make a concrete contribution to improving the difficult situation on the housing market. The preservation of historic buildings and building culture are also important social issues for us, which we demonstrate by maintaining several listed buildings and UNESCO World Cultural Heritage sites in our portfolio. As urban development partners we contribute to making cities good places to live and to strengthening social structures. We do this by engaging in continuous dialogue and working together with residents, policymakers and social agencies.

The Management Board is closely involved in planning all key activities.

Responsible neighbourhood development and design

We attach great importance to having a social and demographic balance of tenants on our estates and seek to prevent one-sided changes in tenant structures. In this context we have made a *Promise to our tenants*, in which among other things we undertake to ensure that one in four new lets are to someone entitled to a certificate of eligibility for social housing. We kept this promise again in 2020, letting approximately 30% of the apartments to people with the corresponding entitlement.

In addition, we set up a coronavirus relief fund in the reporting year for tenants, business partners and service providers who are experiencing financial distress as a result of the COVID-19 pandemic.

Our estates, in which people live, work and make their home, should contribute to creating a liveable environment. The architecture of our portfolio covers a wide range of styles and eras, from a listed classical modernist estate and stylish historic buildings to large estates and new builds. Around 1,500 playgrounds make our estates especially attractive for families with children. The majority of our buildings are surrounded by open, green areas. In its grounds management programme, Deutsche Wohnen develops the outdoor areas of its estates to make them more pleasant places to spend time and to maintain and encourage a diverse natural habitat.

Making suitable spaces available to local businesses is also part of our work to develop our neighbourhoods in a healthy way that makes them more attractive to all. So we protect small businesses and subsidise the operation of childcare facilities, for example. Around 11% of the commercial space is let to non-profit initiatives and community projects.

Support for social projects

For many years we have taken a stance against domestic violence alongside other partners and initiatives. We take part in public awareness campaigns and by providing housing help to support women and children affected. In cooperation with non-profit organisations, we give homeless women and men the prospect of a new home.

We support many social projects in our neighbourhoods.

As part of our social commitments we also support many social projects in our neighbourhoods with donations and the opportunity to use commercial space free of charge. This includes the NaDu (HeyYou) day-care facility in Hanover-Sahlkamp, which was opened in 2002. In the Kreuzberg, Schöneberg, Marzahn and Hellersdorf districts of Berlin we particularly support educational, counselling and leisure activities by organisations aimed at young people and families in socially challenging situations.

We have also supported associations, social organisations and community initiatives during the coronavirus pandemic with donations to buy laptop computers, for instance, so that they can continue their work and communicate via digital means.

Communicating with policymakers and authorities

Its economic, social and ecological importance mean that the residential property market is at the centre of political and public debate. Deutsche Wohnen is a DAX 30 company and the second-largest landlord in Germany and thus has a major role to play in discussions with policymakers at federal, regional and local levels, with interest groups, the media and NGOs, which the company strives to perform responsibly. We contribute our positions and expertise to the debate to illustrate the contribution we make to achieving such political objectives as new construction and climate action and to suggest concrete solutions.

In 2020, we invited to our first climate event.

In the reporting year, Deutsche Wohnen initiated a public debate about climate action in the property sector by presenting its own concept paper, which is intended to advance the state of the discussion. The climate concept aims to resolve the current dilemma of *climate action vs. housing costs* and to combine climate action, cost-efficiency and social responsibility in a sensible way. Deutsche Wohnen has held many background meetings with politicians to discuss this approach and presented the concept to industry associations and decision-making bodies. In October 2020 the company also convened the first climate event with guests from politics, public administration, business and academia.

Berlin, 19 March 2021

Michael Zahn Chair of the Management Board	Philip Grosse Management Board	Henrik Thomsen Management Board	Lars Urbansky Management Board

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR REGARDING THE NON-FINANCIAL GROUP STATEMENT[1]

To the Supervisory Board of Deutsche Wohnen SE, Berlin

We have performed an independent limited assurance engagement on the non-financial group statement (further "Statement") of Deutsche Wohnen SE (further "Company") according to § 315b and 315c in conjunction with 289c to 289e of the German Commercial Code (HGB), for the period from January 1 to December 31, 2020.

Management's Responsibility

The legal representatives of the Company are responsible for the preparation of the Statement in accordance with §§ 315b, 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, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the Statement that is free of – intended or unintended – material misstatements.

Practitioner's Responsibility

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

We conducted our work in the form of a limited assurance engagement 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. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Statement of the Company for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

1 Our engagement applied to the German version of the non-financial group statement 2020. 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 group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Deutsche Wohnen SE
- A risk analysis, including media research, to identify relevant information on Deutsche Wohnen SE's sustainability performance in the reporting period
- Assessment of the suitability of internally developed definitions
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and anti-corruption and bribery matters
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Assessment of the overall presentation of the disclosures

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and 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).

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group statement of Deutsche Wohnen SE for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with §§315b and 315c in conjunction with 289c to 289e HGB.

Restriction of Use/General Engagement Terms

This assurance report is issued for 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 as descriped above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (attached). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Berlin, March 22, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hell　　　　Mara Zimen

Annual financial statements

BALANCE SHEET

as of 31 December 2020

EUR	31/12/2020	31/12/2019
Assets		
A. Non-current assets		
I. Intangible assets		
1. Purchased concessions, intellectual property rights and similar rights and licences	5,360,375.06	2,962,097.83
2. Advance payments	550,981.20	4,008,837.66
	5,911,356.26	**6,970,935.49**
II. Property, plant and equipment		
1. Buildings on third-party land	299,839.45	3,764.16
2. Other equipment, furniture and fixtures	9,593,953.08	8,479,347.46
3. Advance payments on property, plant and equipment	0.00	232,562.98
	9,893,792.53	**8,715,674.60**
III. Financial assets		
1. Shares in affiliates	4,372,276,353.28	4,369,779,417.02
2. Loans to affiliates	3,311,579,425.32	2,503,962,671.60
	7,683,855,778.60	6,873,742,088.62
	7,699,660,927.39	**6,889,428,698.71**
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	43,500.00	0.00
2. Receivables from affiliates	103,606,478.16	1,115,245,433.64
3. Other assets	64,681,963.49	44,176,351.05
	168,331,941.65	**1,159,421,784.69**
II. Cash on hand, bank balances	**491,687,151.80**	**635,153,720.64**
	660,019,093.45	**1,794,575,505.33**
C. Accurals and deferrals	**38,075,664.36**	**25,204,055.95**
Of which commissions EUR 36,765,317.79 (previous year: EUR 23,727,034.07)		
	8,397,755,685.20	**8,709,208,259.99**

EUR	31/12/2020	31/12/2019
Equity and liabilities		
A. Equity		
I. Issued capital		
1. Issued share capital Contingent capital as of 31 December 2020 EUR 133,451,926.00 (previous year: EUR 133,579,814.00)	359,843,541.00	359,715,653.00
2. Nominal value of treasury shares	–16,070,566.00	–2,628,698.00
	343,772,975.00	**357,086,955.00**
II. Capital reserve	**1,732,801,610.59**	**2,603,210,196.10**
III. Retained earnings		
Statutory reserves	1,022,583.76	1,022,583.76
IV. Distributable profit	**355,000,000.00**	**359,000,000.00**
	2,432,597,169.35	**3,320,319,734.86**
B. Provisions		
1. Provisions for pensions and similar obligations	1,341,112.00	1,243,485.00
2. Tax provisions	17,246.57	0.00
3. Other provisions	49,204,562.17	52,396,435.44
	50,562,920.74	**53,639,920.44**
C. Liabilities		
1. Bonds		
Of which convertible EUR 1,600,000,000.00 (previous year: EUR 1,600,000,000.00)	4,775,444,857.25	3,641,597,000.06
2. Liabilities to banks	60,370,866.66	60,354,422.22
3. Trade payables	29,411.77	0.00
4. Liabilities to affiliates	3,337,515.91	3,518,972.11
5. Other liabilities	1,020,892,248.96	1,622,664,062.06
Of which from taxes EUR 1,175,089.22 (previous year: EUR 1,070,596.81)	51,384,777.86	4,081,306.40
	5,911,459,678.41	**5,332,215,762.85**
D. Accurals and Deferrals	**3,135,916.70**	**3,032,841.84**
	8,397,755,685.20	**8,709,208,259.99**

PROFIT AND LOSS STATEMENT

the period from 1 January 2019 to 31 December 2020

EUR	2020	2019
1. Revenue	49,404,744.09	47,689,217.89
2. Other operating income	2,869,671.56	2,373,976.74
3. Staff expenses		
a) Wages and salaries	–26,536,516.91	–22,336,198.09
b) Social security contributions and expenses for pensions and benefits	–2,823,259.65	–3,060,933.40
Of which for pensions EUR 1,446,486.56 (previous year: EUR 1,502,146.56)		
	–29,359,776.56	–25,397,131.49
4. Depreciation and amortization		
On non-current intangible assets and property, plant and equipment	–5,093,304.24	–4,573,596.49
5. Other operating expenses	–53,989,121.17	–65,636,162.32
6. Income from equity investments	77,435,886.41	71,623,001.66
Of which from affiliates EUR 77,435,886.41 (previous year: EUR 71,623,001.66)		
7. Income from profit and loss transfer agreements	16,153,397.23	19,320,515.02
8. Income from non-current lending	43,677,246.00	22,480,156.68
Of which from affiliates EUR 43,677,246.00 (previous year: EUR 22,480,156.68)		
9. Other interest and similar income	9,572,496.22	13,488,631.39
Of which from affiliates EUR 9,392,567.78 (previous year: EUR 13,427,359.52)		
10. Expenses from loss transfers	–113,664,582.20	–51,421,773.50
11. Interest and similar expenses	–73,114,605.29	–56,692,563.87
Of which from affiliates EUR 6,597,446.15 (previous year: EUR 3,093,340.74)		
Of which from discounting EUR 93,855.89 (previous year: EUR 89,605.91)		
12. Income taxes	–616,366.45	–163,100.00
13. Earnings after taxes	**–76,724,314.40**	**–26,908,828.29**
14. Other taxes	–16,988.59	–16,837.12
15. Net loss for the year	**–76,741,302.99**	**–26,925,665.41**
16. Profit carried forward	46,429,968.50	37,388,049.03
17. Transfer from capital reserve	385,311,334.49	348,537,616.38
18. Distributable profit	**355,000,000.00**	**359,000,000.00**

NOTES

A General remarks on the financial statements

Deutsche Wohnen SE is a publicly listed company based in Berlin, Germany. It is registered under HRB 190322 B in the Commercial Register of Berlin-Charlottenburg District Court.

The annual financial statements were produced in accordance with section 242 et seq. and section 264 et seq. 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 [Handelsgesetzbuch – HGB].

The income statement is structured in accordance with the total cost method. The financial year is the calendar year.

B Accounting policies and valuation methods

The following accounting policies and valuation methods were applied unchanged when preparing the financial statements.

1 Non-current 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 amortization (three to six years; on a straight-line basis).

Property, plant and equipment is recognized at its acquisition or production cost less any scheduled depreciation and amortization (one to twenty-three years, on a straight-line basis).

As in the previous year, no interest on borrowing was included in production cost in the financial year and no expenses as defined by section 255(2) sentence 3 of the German Commercial Code [Handelsgesetzbuch – HGB] were included in production cost.

Low-value assets up to a value of EUR 250.00 are fully depreciated and amortized in the year of acquisition. Since the beginning of the financial year 2018, low-value assets with a value of between EUR 250.00 and EUR 800.00 have been depreciated and amortized over a period of five years.

Financial investments are recognised at the lower of cost and fair value as of the reporting date if they are permanently impaired. The fair value of the properties is the main determinant of fair value for shares in property holding companies. If the reasons for the impairment no longer exist, the write-downs are reversed in accordance with section 253(5) of the German Commercial Code [Handelsgesetzbuch – HGB]. Loans to affiliated companies are recognised on the balance sheet at their nominal value.

The fair values measured for the IFRS consolidated financial statements of Deutsche Wohnen SE, Berlin, are used as the fair values of the properties. This measurement was carried out by means of an internal valuation of the residential and commercial buildings as of 31 December 2020. In parallel, the residential and commercial properties were valued by Jones Lang LaSalle SE, Frankfurt/Main, in accordance with internationally recognised valuation methods. The overall value was confirmed. Development projects for residential and commercial buildings and for undeveloped land were valued by Jones Lang LaSalle SE, Frankfurt/Main. Nursing assets were valued exclusively by W&P Immobilienberatung GmbH, Frankfurt/Main. The main valuation parameters for the residential and commercial buildings are growth in market rents, discount rate and capitalisation rate, net present value after completion and project development costs for the residential project properties and market rent, discount rate and maintenance costs for the nursing assets.

2 Current assets

Current assets are recognized at the lower of cost and fair value on the reporting date.

Receivables and other assets are held at the lower of nominal and fair value.

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

3 Prepaid expenses

Payments made up to the balance sheet date are recognised as prepaid expenses to the extent that they constitute expenses for a period after the reporting date. Discounts and one-off loan processing fees charged by lenders, which along with the current interest payable represent a single economic fee for the loan, are identified on the basis of section 250(3) of the German Commercial Code [Handelsgesetzbuch – HGB] and recognised through profit or loss over the term of the loan.

4 Deferred taxes

Differences between the tax bases of assets and liabilities and their value under commercial accounting standards and differences due to tax loss carryforwards are shown on a net basis as deferred tax liabilities if they are expected to reverse in subsequent years and the total effect is a tax expense. A net tax benefit (deferred tax assets) is not recognised. Deferred taxes are calculated using the tax rates applicable at the time the differences are expected to reverse and are not discounted. Deferred taxes for companies in the same tax group are recognised by the parent company.

5 Provisions for pensions

As in the previous year, all of the company's retirement 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 2018G" drawn up by Professor Dr Klaus Heubeck. The interest rate published by the Bundesbank of 2.30% p.a. as of 31 December 2020 (previous year: 2.71% p.a.) was used, which in accordance with section 253(2) sentence 2 German Commercial Code [Handelsgesetzbuch – HGB] is the average market rate for the past 10 financial years, with an assumed remaining term to maturity of 15 years. Any earnings impact of changes in interest rates is shown in staff expenses. A rise in income of 2.50% p.a. (previous year: 2.50% p.a.), an increase in the contribution assessment threshold of 3.00% p.a. (previous year: 3.00% 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 retirement benefit liabilities pursuant to sentence 2 of section 246(2) of the German Commercial Code [Handelsgesetzbuch – HGB].

6 Tax provisions and other provisions

Tax and other provisions are recognised at the amount thought necessary to settle them using reasonable commercial judgement. They include all identifiable impending losses from onerous contracts and contingent liabilities. Other provisions with remaining term to maturity of more than one year are discounted at the interest rates published by the Bundesbank.

7 Liabilities

Liabilities are recognised at their settlement amount. Long-term, non-interest bearing liabilities are discounted.

8 Deferred income

Payments received as at the balance sheet date are recognised as deferred income to the extent that they constitute income for a period after the reporting date.

9 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 that is settled using equity instruments.

Expenses for the issue of share options are measured at the fair value of the share options at the time they are awarded. Fair value was measured using generally acknowledged option pricing models. Issuing expenses for share options are recognised and equity (capital reserve) is increased accordingly at the same time; income reduces equity (capital reserve) accordingly.

A restricted share unit (RSU) programme was introduced for Management Board members in 2019 which is classified as share-based, cash-settled remuneration. The assets or services acquired in the course of this remuneration programme and the corresponding liability are recognised at their intrinsic value. The intrinsic value of the liability is to be remeasured on each reporting date and on the settlement date until it is settled. All changes in intrinsic value are recognised through profit or loss.

Subscription rights to share units (SU) were awarded to individual Management Board members in 2020 under certain conditions as part of a compensation agreement. They were classified as share-based remuneration. 40% of the obligation will be settled in cash and 60% by company shares. The agreed value of each SU corresponds to the reference price of the Deutsche Wohnen SE share as of the relevant compensation date, plus a notional dividend. The subscription requirements are deemed to be in place if the Federal Constitutional Court determines that the Berlin rent freeze law is unconstitutional and the closing price of the company share reaches or exceeds the amount of EUR 35.56 on at least one trading day in XETRA by Deutsche Börse AG between the date of the ruling of the Federal Constitutional Court and the compensation date, or if the Federal Constitutional Court rules that the Berlin rent cap is constitutional and the change in the value of the company share between 1 January 2019 and the compensation date corresponds at a minimum to the change in value of the EPRA/NAREIT Germany index in this period. The settlement of the SU is equivalent to 60% of the total number of SU in shares of the company. The difference between the value of the shares transferred and the SU value in total is paid as a cash payment, including the notional dividend. The liability is uncertain in terms of its recognition, amount and due date. Provision for the discounted value of all the SU was recognised through profit and loss as of the reporting date.

C Notes to the balance sheet

1 Non-current assets

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

The company has either direct or indirect shareholdings in the following[3] companies in accordance with section 285(11) of the German Commercial Code [Handelsgesetzbuch – HGB]. Equity and earnings are based on German accounting standards or the accounting standards of the country in which the company is based. The company does not have any shareholdings in large corporations, as defined in section 285(11b) of the German Commercial Code [Handelsgesetzbuch – HGB], which exceed 5.0% yet fall below 20.0% of the voting rights in those corporations.

Company and registered office	Share in %	Equity in EUR thousand	Earnings in EUR thousand	Reporting date
AGG Auguste-Viktoria-Allee Grundstücks GmbH, Berlin	100.00[1, 4]	25.0	0.0	31/12/2020
Algarobo Holding B.V., Baarn, Netherlands	100.00[1]	23,663.4	–7.0	31/12/2020
Alpha Asset Invest GmbH & Co. KG, Berlin	100.00[1, 5]	753.8	250.9	31/12/2020
Amber Dritte VV GmbH, Berlin	94.90[1, 4]	–7,295.6	21.2	31/12/2020
Amber Erste VV GmbH, Berlin	94.90[1, 4]	–11,050.4	0.0	31/12/2020
Amber Zweite VV GmbH, Berlin	94.90[1, 4]	–11,830.2	283.3	31/12/2020
Aragon 13. VV GmbH, Berlin	94.90[1, 4]	–6,228.2	432.1	31/12/2020
Aragon 14. VV GmbH, Berlin	94.90[1, 4]	–10,598.0	694.9	31/12/2020
Aragon 15. VV GmbH, Berlin	94.90[1, 4]	–6,259.8	293.5	31/12/2020
Aragon 16. VV GmbH, Berlin	94.90[1, 4]	–9,637.6	0.0	31/12/2020
Aufbau-Gesellschaft der GEHAG mit beschränkter Haftung, Berlin	100.00[1]	8,596.0	561.9	31/12/2020
AVUS Immobilien-Treuhand GmbH & Co. KG, Hamburg (vormals: AVUS Immobilien-Treuhand GmbH & Co. KG, Berlin)	100.00[1]	320.7	–19.9	31/12/2019
B & O Service Berlin GmbH, Berlin	24.94[1, 6]	5,626.2	0.0	30/06/2020
BauBeCon BIO GmbH, Berlin	100.00[1, 4]	8,626.5	0.0	31/12/2020
BauBeCon Immobilien GmbH, Berlin	100.00[1, 4, 6]	686,438.3	208,404.6	31/12/2020
BauBeCon Wohnwert GmbH, Berlin	100.00[1, 4]	26,710.2	0.0	31/12/2020
BAU-KULT.GmbH, Amt Wachsenburg	6.00[1]	3,002.2	–797.2	31/12/2019
Beragon VV GmbH, Berlin	94.90[1, 4]	–10,242.4	539.0	31/12/2020
C. A. & Co. Catering KG, Wolkenstein	100.00[1]	0.2	21.0	31/12/2020
Casa Nova 2 GmbH, Grünwald	50.00[1]	–795.7	–812.6	31/12/2019
Casa Nova 3 GmbH, Grünwald	50.00[1]	–1,698.5	–716.5	31/12/2019
Casa Nova GmbH, Grünwald	50.00[1]	–84.7	–102.9	31/12/2019
Ceragon VV GmbH, Berlin	94.90[1, 4]	–7,835.3	253.0	31/12/2020
Comgy GmbH, Berlin	14.61[1]	2,991.0	–1,681.7	31/12/2019
Communication Concept Gesellschaft für Kommunikationstechnik mbH, Leipzig	100.00[1]	3,449.3	1,615.5	31/12/2019
DELTA VIVUM Berlin I GmbH, Berlin	94.90[1, 4]	12,443.1	1,681.5	31/12/2020
DELTA VIVUM Berlin II GmbH, Berlin	94.90[1, 4]	–1,530.4	364.3	31/12/2020

not applicable (n.a.)
1 Indirect shareholding
2 Direct and indirect shareholding.
3 The company is also indirectly a member of a partnership.
4 Exemption pursuant to section 264(3) of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
5 Exemption pursuant to section 264 b of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
6 Large corporations

Company and registered office	Share in %	Equity in EUR thousand	Earnings in EUR thousand	Reporting date
Deutsche KIWI.KI GmbH, Berlin	49.00[1]	547.6	–312.6	31/12/2019
Deutsche Netzmarketing GmbH, Cologne	2.56[1]	2,864.5	247.3	31/12/2019
Deutsche Wohnen Asset Immobilien GmbH, Frankfurt/Main	100.00[1, 4]	25.0	0.0	31/12/2020
Deutsche Wohnen Berlin 5 GmbH, Berlin	94.90[1, 4]	3,415.6	0.0	31/12/2020
Deutsche Wohnen Berlin 6 GmbH, Berlin	94.90[1, 4]	506.9	0.0	31/12/2020
Deutsche Wohnen Berlin 7 GmbH, Berlin	94.90[1, 4]	2,738.0	0.0	31/12/2020
Deutsche Wohnen Berlin I GmbH, Berlin	94.00[1, 4]	1,488.1	0.0	31/12/2020
Deutsche Wohnen Berlin II GmbH, Berlin	94.90[1, 4]	4,809.5	0.0	31/12/2020
Deutsche Wohnen Berlin III GmbH, Berlin	94.90[1, 4]	24,705.1	0.0	31/12/2020
Deutsche Wohnen Berlin X GmbH, Berlin	94.80[1, 4]	7,691.7	0.0	31/12/2020
Deutsche Wohnen Berlin XI GmbH, Berlin	94.80[1, 4]	7,504.6	0.0	31/12/2020
Deutsche Wohnen Berlin XII GmbH, Berlin	94.80[1, 4]	1,761.1	0.0	31/12/2020
Deutsche Wohnen Berlin XIII GmbH, Berlin	94.80[1, 4]	6,858.4	0.0	31/12/2020
Deutsche Wohnen Berlin XIV GmbH, Berlin	94.80[1, 4]	10,666.3	0.0	31/12/2020
Deutsche Wohnen Berlin XV GmbH, Berlin	94.80[1, 4]	12,102.0	0.0	31/12/2020
Deutsche Wohnen Berlin XVI GmbH, Berlin	94.80[1, 4]	6,596.9	0.0	31/12/2020
Deutsche Wohnen Berlin XVII GmbH, Berlin	94.80[1, 4]	5,914.2	0.0	31/12/2020
Deutsche Wohnen Berlin XVIII GmbH, Berlin	94.80[1, 4]	3,256.7	0.0	31/12/2020
Deutsche Wohnen Beteiligungen Immobilien GmbH, Frankfurt/Main	100.00[1, 4]	1,025.0	0.0	31/12/2020
Deutsche Wohnen Beteiligungsverwaltungs GmbH & Co. KG, Berlin	100.00[1, 5]	1,020.0	150.9	31/12/2020
Deutsche Wohnen Construction and Facilities GmbH, Berlin	100.00[4]	275.0	0.0	31/12/2020
Deutsche Wohnen Corporate Real Estate GmbH, Berlin	100.00[4]	25.0	0.0	31/12/2020
Deutsche Wohnen Direkt Immobilien GmbH, Frankfurt/Main	100.00[1]	1,956,626.9	–23.9	31/12/2020
Deutsche Wohnen Dresden I GmbH, Berlin	100.00[1, 4]	5,087.3	0.0	31/12/2020
Deutsche Wohnen Dresden II GmbH, Berlin	100.00[1, 4]	3,762.4	0.0	31/12/2020
Deutsche Wohnen Fondsbeteiligungs GmbH, Berlin	100.00[4]	17,825.0	0.0	31/12/2020
Deutsche Wohnen Immobilien Management GmbH, Berlin	100.00[4]	1,610.0	0.0	31/12/2020
Deutsche Wohnen Kundenservice GmbH, Berlin	100.00[1, 4]	25.7	0.0	31/12/2020
Deutsche Wohnen Management GmbH, Berlin	100.00[4]	325.0	0.0	31/12/2020
Deutsche Wohnen Management- und Servicegesellschaft mbH, Frankfurt/Main	100.00[4]	325.6	0.0	31/12/2020
Deutsche Wohnen Multimedia Netz GmbH, Berlin	100.00[1, 4]	638.0	0.0	31/12/2020
Deutsche Wohnen Reisholz GmbH, Berlin	100.00[1, 4]	3,563.5	0.0	31/12/2020
Deutsche Wohnen Technology GmbH, Berlin (vormals: Deutsche Wohnen Beschaffung und Beteiligung GmbH, Berlin)	100.00[1, 4]	25.0	0.0	31/12/2020
Deutsche Wohnen Zweite Fondsbeteiligungs GmbH, Berlin	100.00[4]	64,025.2	0.0	31/12/2020
DW Pflegeheim Dresden Grundstücks GmbH, Munich	100.00[1]	3,035.7	214.9	31/12/2020

not applicable (n.a.)
1 Indirect shareholding
2 Direct and indirect shareholding.
3 The company is also indirectly a member of a partnership.
4 Exemption pursuant to section 264(3) of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
5 Exemption pursuant to section 264 b of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
6 Large corporations

Company and registered office	Share in %	Equity in EUR thousand	Earnings in EUR thousand	Reporting date
DW Pflegeheim Eschweiler Grundstücks GmbH, Munich	100.00[1]	4,507.3	94.3	31/12/2020
DW Pflegeheim Frankfurt am Main Grundstücks GmbH, Munich	100.00[1, 4]	6,083.9	0.0	31/12/2020
DW Pflegeheim Friesenheim Grundstücks GmbH, Munich	100.00[1, 4]	2,621.2	0.0	31/12/2020
DW Pflegeheim Glienicke Grundstücks GmbH, Munich	100.00[1, 4]	4,565.4	0.0	31/12/2020
DW Pflegeheim Konz Grundstücks GmbH, Munich	100.00[1, 4]	10,337.6	0.0	31/12/2020
DW Pflegeheim Meckenheim Grundstücks GmbH, Munich	100.00[1]	3,658.7	132.2	31/12/2020
DW Pflegeheim Potsdam Grundstücks GmbH, Munich	100.00[1]	2,626.2	290.8	31/12/2020
DW Pflegeheim Siegen Grundstücks GmbH, Munich	100.00[1, 4]	2,824.6	0.0	31/12/2020
DW Pflegeheim Weiden Grundstücks GmbH, Munich	100.00[1, 4]	4,456.4	0.0	31/12/2020
DW Pflegeheim Würselen Grundstücks GmbH, Munich	100.00[1, 4]	3,790.3	0.0	31/12/2020
DW Pflegeresidenzen Grundstücks GmbH, Munich	100.00[1]	27,707.1	–551.5	31/12/2020
DW Property Invest GmbH, Berlin	100.00[1, 4]	328.5	0.0	31/12/2020
DWA Beteiligungsgesellschaft mbH, Berlin (vormals: Brillant 3335. GmbH, Berlin)	50.00[1]	n.a.	n.a.	n.a.
DWRE Alpha GmbH, Berlin	100.00[1, 4]	343.8	0.0	31/12/2020
DWRE Braunschweig GmbH, Berlin	100.00[1, 4]	16,325.2	0.0	31/12/2020
DWRE Dresden GmbH, Berlin	100.00[1, 4]	25.0	0.0	31/12/2020
DWRE Halle GmbH, Berlin	100.00[1, 4]	25.0	0.0	31/12/2020
DWRE Hennigsdorf GmbH, Berlin	100.00[1, 4]	1,085.3	0.0	31/12/2020
DWRE Leipzig GmbH, Berlin	100.00[1, 4]	25.0	0.0	31/12/2020
Eisenbahn-Siedlungs-Gesellschaft Berlin mit beschränkter Haftung, Berlin	94.90[1]	11,889.8	0.0	31/12/2020
EMD Energie Management Deutschland GmbH, Berlin	100.00[1, 4]	30,022.8	0.0	31/12/2020
Eragon VV GmbH, Berlin	94.90[1, 4]	–9,170.2	0.0	31/12/2020
Erste JVS Real Estate Verwaltungs GmbH, Berlin	11.00[1]	–103.4	–95.5	31/12/2019
FACILITA Berlin GmbH, Berlin	100.00[1]	5,740.7	497.0	31/12/2020
Faragon V V GmbH, Berlin	94.90[1, 4]	–7,319.0	301.7	31/12/2020
Fortimo GmbH, Berlin	100.00[1, 4]	6,127.2	0.0	31/12/2020
Funk Schadensmanagement GmbH, Berlin	49.00[1]	199.5	99.5	31/12/2019
G+D Gesellschaft für Energiemanagement mbH, Magdeburg	49.00[1, 6]	23,305.9	5,954.7	31/12/2019
GbR Fernheizung Gropiusstadt, Berlin	46.10[1]	612.4	–43.3	31/12/2020
Gehag Acquisition Co. GmbH, Berlin	100.00[1]	1,557,217.2	1,436.3	31/12/2020
GEHAG Beteiligungs GmbH & Co. KG, Berlin	100.00[1, 5]	21,912.1	271.7	31/12/2020
GEHAG Dritte Beteiligungs GmbH, Berlin	100.00[1, 4]	378.8	0.0	31/12/2020
GEHAG Erste Beteiligungs GmbH, Berlin	100.00[1, 4, 6]	45.0	0.0	31/12/2020
GEHAG Erwerbs GmbH & Co. KG, Berlin	99.99[1, 5]	45,904.8	1,137.0	31/12/2020
GEHAG GmbH, Berlin	100.00[1, 6]	2,522,634.0	52,820.3	31/12/2020
GEHAG Grundbesitz I GmbH, Berlin	100.00[1, 4]	26.0	0.0	31/12/2020
GEHAG Grundbesitz II GmbH, Berlin	100.00[1, 4]	25.0	0.0	31/12/2020
GEHAG Grundbesitz III GmbH, Berlin	100.00[1, 4]	25.0	0.0	31/12/2020
GEHAG Vierte Beteiligung SE, Berlin	100.00[1, 4]	20,220.5	0.0	31/12/2020
GEHAG Zweite Beteiligungs GmbH, Berlin	100.00[1, 4]	16,625.0	0.0	31/12/2020

not applicable (n.a.)
1 Indirect shareholding
2 Direct and indirect shareholding.
3 The company is also indirectly a member of a partnership.
4 Exemption pursuant to section 264(3) of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
5 Exemption pursuant to section 264 b of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
6 Large corporations

Company and registered office	Share in %	Equity in EUR thousand	Earnings in EUR thousand	Reporting date
Geragon VV GmbH, Berlin	94.90[1, 4]	-8,232.6	261.9	31/12/2020
GGR Wohnparks Alte Hellersdorfer Straße GmbH, Berlin	100.00[1, 4]	9,576.8	1,855.8	31/12/2020
GGR Wohnparks Kastanienallee GmbH, Berlin	100.00[1, 4]	44,153.0	5,207.7	31/12/2020
GGR Wohnparks Nord Leipziger Tor GmbH, Berlin	100.00[1, 4]	6,680.3	0.0	31/12/2020
GGR Wohnparks Süd Leipziger Tor GmbH, Berlin	100.00[1, 4]	3,390.2	0.0	31/12/2020
Grundstücksgesellschaft Karower Damm mbH, Berlin	100.00[1, 4]	1,099.3	0.0	31/12/2020
GSW Acquisition 3 GmbH, Berlin	100.00[1, 4]	91,798.9	11,357.7	31/12/2020
GSW Corona GmbH, Berlin	100.00[1, 4]	3,777.3	0.0	31/12/2020
GSW-Fonds Weinmeisterhornweg 170–178 GbR, Berlin	78.19[1]	-5,183.5	91.9	31/12/2020
GSW Gesellschaft für Stadterneuerung mbH, Berlin	100.00[1]	2,808.5	1,359.3	31/12/2020
GSW Grundvermögens- und Vertriebsgesellschaft mbH, Berlin	100.00[1, 4]	15,255.7	0.0	31/12/2020
GSW Immobilien AG, Berlin	93.97[6]	1,317,268.7	221,247.6	31/12/2020
GSW Immobilien GmbH & Co. Leonberger Ring KG, Berlin	94.00[1, 5]	454.5	22.3	31/12/2020
GSW Pegasus GmbH, Berlin	100.00[1, 4]	30,702.3	0.0	31/12/2020
GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Zweite Beteiligungs KG, Berlin	93.44[1, 5]	-8,009.3	1,019.4	31/12/2020
GSZ Gebäudeservice und Sicherheitszentrale GmbH, Berlin	33.33[1]	384.1	139.2	31/12/2019
Hamburger Ambulante Pflege- und Physiotherapie "HAPP" GmbH, Hamburg	100.00[1]	-1,126.9	-469.4	31/12/2020
Hamburger Senioren Domizile GmbH, Hamburg	100.00[1]	2,496.3	373.0	31/12/2020
Haragon VV GmbH, Berlin	94.90[1, 4]	-5,441.7	177.8	31/12/2020
Haus und Heim Wohnungsbau-GmbH, Berlin	100.00[1, 4]	2,798.7	0.0	31/12/2020
HESIONE Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main	100.00[1]	147.9	16.9	31/12/2020
Holzmindener Straße/Tempelhofer Weg Grundstücks GmbH, Berlin	100.00[1, 4]	25.0	0.0	31/12/2020
HSI Hamburger Senioren Immobilien GmbH & Co. KG, Hamburg	100.00[1, 5]	7,076.0	4,562.5	31/12/2020
HSI Hamburger Senioren Immobilien Management GmbH, Hamburg	100.00[1]	2,344.7	-0.7	31/12/2020
Implementum II GmbH, Grevenbroich	11.00[1]	7.0	-16.0	31/12/2018
IOLITE IQ GmbH, Berlin	33.33[1]	-149.4	-174.4	31/12/2019
Iragon VV GmbH, Berlin	94.90[1, 4]	-6,250.5	486.9	31/12/2020
ISABELL GmbH, Berlin (vormals: Brillant 3275. GmbH, Berlin)	100.00[1]	135,965.3	-96,059.7	31/12/2020
ISARIA Dachau Entwicklungsgesellschaft GmbH, Munich	100.00[1]	13,325.7	-849.9	31/12/2020
ISARIA Hegeneck 5 GmbH, Munich	100.00[1]	393.7	79.1	31/12/2020
Isaria München Projektentwicklungs GmbH, Munich (vormals: ISARIA Objekt Neu 02 GmbH, Munich)	100.00[1, 4]	13,094.7	44.6	31/12/2020
ISARIA Objekt Achter de Weiden GmbH, Munich	100.00[1]	322.8	81.4	31/12/2020
ISARIA Objekt Garching GmbH, Munich	100.00[1]	30.7	7.8	31/12/2020
ISARIA Objekt Hoferstraße GmbH, Munich	100.00[1]	-798.7	-12.4	31/12/2020
ISARIA Objekt Norderneyer Straße GmbH, Munich	100.00[1]	17.9	-7.1	31/12/2020

not applicable (n.a.)
1 Indirect shareholding
2 Direct and indirect shareholding.
3 The company is also indirectly a member of a partnership.
4 Exemption pursuant to section 264(3) of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
5 Exemption pursuant to section 264 b of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
6 Large corporations

Company and registered office	Share in %	Equity in EUR thousand	Earnings in EUR thousand	Reporting date
ISARIA Objekt Preußenstraße GmbH, Munich	100.00[1]	–412.3	–717.3	31/12/2020
ISARIA Objekt Schwedler Trio GmbH, Munich	100.00[1]	–19,211.6	–18,792.9	31/12/2020
ISARIA Stuttgart GmbH, Munich	100.00[1]	539.4	4.0	31/12/2020
Jägerpark Projektentwicklungsgesellschaft mbH, Berlin	6.00[1]	–0.2	3.1	31/12/2019
Karagon VV GmbH, Berlin	94.90[1, 4]	–5,639.0	127.2	31/12/2020
KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH, Berlin	100.00[1, 6]	12,976.5	5,420.1	31/12/2020
KATHARINENHOF Service GmbH, Berlin	100.00[1]	25.0	0.0	31/12/2020
KIWI.KI GmbH, Berlin	21.11[1]	351.2	–3,114.6	31/12/2019
Krampnitz Energie GmbH, Potsdam	25.10[1]	n.a.	n.a.	n.a.
Laragon VV GmbH, Berlin	94.90[1, 4]	–10,089.9	0.0	31/12/2020
Larry I Targetco (Berlin) GmbH, Berlin	100.00[4]	193,057.2	0.0	31/12/2020
Larry II Targetco (Berlin) GmbH, Berlin	100.00[4]	520,878.6	0.0	31/12/2020
LE Campus GmbH, Leipzig	6.00[1]	–279.3	481.7	31/12/2019
LE Central Office GmbH, Leipzig	11.00[1]	83.4	–28.4	31/12/2019
LE Property 2 GmbH & Co. KG, Leipzig	49.00[1]	–856.5	25.0	31/12/2019
LE Quartier 1 GmbH & Co. KG, Leipzig	46.50[1]	25.0	1,811.0	31/12/2019
LE Quartier 1,1 GmbH & Co. KG, Leipzig	49.00[1]	–99.1	–27.9	31/12/2019
LE Quartier 1,4 GmbH, Leipzig	50.00[1]	–240.3	–225.5	31/12/2019
LE Quartier 1,5 GmbH, Leipzig	44.00[1]	14.7	–1.0	31/12/2019
LE Quartier 1,6 GmbH, Leipzig	50.00[1]	–36.1	–52.5	31/12/2019
LE Quartier 100 GmbH, Frankfurt/Main	6.00[1]	–27.5	–47.8	31/12/2019
LE Quartier 101 GmbH, Frankfurt/Main	6.00[1]	19.3	–3.7	31/12/2019
LE Quartier 102 GmbH, Frankfurt/Main	6.00[1]	43.6	19.7	31/12/2019
LE Quartier 5 GmbH & Co. KG, Leipzig	44.00[1]	3.0	–4,506.2	31/12/2019
LE Quartier Spinnerei Straße GmbH, Frankfurt/Main	6.00[1]	23.5	2.1	31/12/2019
LE Quartier Torgauer Straße GmbH, Frankfurt/Main	6.00[1]	20.3	–0.1	31/12/2019
LebensWerk GmbH, Berlin	100.00[1]	457.1	0.0	31/12/2020
Long Islands Investments S.A., Luxemburg	100.00[1]	1,705.5	–405.1	31/12/2020
Main-Taunus Wohnen GmbH & Co. KG, Eschborn	99.99[2, 5]	9,893.4	5,547.3	31/12/2020
Maragon VV GmbH, Berlin	94.90[1, 4]	–2,528.3	0.0	31/12/2020
Marcolini Grundbesitz GmbH, Dresden	6.00[1]	–1,203.2	–278.6	31/12/2019
Objekt Gustav-Heinemann-Ring GmbH, Munich	100.00[1]	–1,538.4	–865.1	31/12/2020
Omega Asset Invest GmbH, Berlin	100.00[1]	48.7	11.0	31/12/2020
PFLEGEN & WOHNEN HAMBURG GmbH, Hamburg	100.00[1, 6]	8,359.1	0.0	31/12/2020
PFLEGEN & WOHNEN Service GmbH, Hamburg	100.00[1]	307.3	119.4	31/12/2020
PFLEGEN & WOHNEN Textil GmbH, Hamburg	100.00[1]	467.8	114.9	31/12/2020
Projektgesellschaft Erfurt Nr. 8 GmbH, Leipzig	6.00[1]	1,403.1	731.3	31/12/2019
Projektgesellschaft Jugendstilpark München mbH, Leipzig	50.00[1]	166.5	963.6	31/12/2019
PUW AcquiCo GmbH, Hamburg	100.00[1]	51,705.5	–508.3	31/12/2020
PUW OpCo GmbH, Hamburg	100.00[1]	–1,157.0	–417.9	31/12/2020

not applicable (n.a.)
1 Indirect shareholding
2 Direct and indirect shareholding.
3 The company is also indirectly a member of a partnership.
4 Exemption pursuant to section 264(3) of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
5 Exemption pursuant to section 264 b of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
6 Large corporations

Company and registered office	Share in %	Equity in EUR thousand	Earnings in EUR thousand	Reporting date
PUW PFLEGENUNDWOHNEN Beteiligungs GmbH, Hamburg	100.00[1]	68,138.4	3,733.9	31/12/2020
QUARTERBACK Immobilien AG, Leipzig	40.00[1]	18,576.5	–786.9	31/12/2019
QUARTERBACK Premium 1 GmbH, Berlin (vormals: MCG blueorange Projekt 1 GmbH, Berlin)	11.00[1]	92.9	–202.5	31/12/2019
Quartier 315 GmbH, Leipzig (vormals: Lichtenberg 8 B.V., Amsterdam, Netherlands)	15.00[1]	n.a.	n.a.	n.a.
Rhein-Main Wohnen GmbH, Frankfurt/Main	100.00[1, 4, 6]	1,922,249.3	129,161.7	31/12/2020
Rhein-Mosel Wohnen GmbH, Mainz	100.00[1, 4]	1,006,189.5	75,248.1	31/12/2020
Rhein-Pfalz Wohnen GmbH, Mainz	100.00[4]	1,392,054.4	10,136.0	31/12/2020
RMW Projekt GmbH, Frankfurt/Main	100.00[1, 4]	16,238.3	0.0	31/12/2020
RPW Immobilien GmbH & Co. KG, Berlin	94.00[1, 5]	59,889.1	32,155.1	31/12/2020
Sea View Projekt GmbH, Leipzig (vormals: ROBEX Deutschland GmbH, Stadtlohn)	11.00[1]	5,230.0	–138.0	31/12/2019
Seniorenresidenz "Am Lunapark" GmbH, Leipzig	100.00[1]	102.3	0.0	31/12/2020
SGG Scharnweberstraße Grundstücks GmbH, Berlin	100.00[1, 4]	25.0	0.0	31/12/2020
SIAAME Development GmbH, Berlin	20.00[1]	–33.1	n.a.	31/12/2017
Siwoge 1992 Siedlungsplanung und Wohnbauten Gesellschaft mbH, Berlin	50.00[1]	9,563.3	388.6	31/12/2019
Sophienstraße Aachen Vermögensverwaltungs-gesellschaft mbH, Berlin	100.00[1, 4]	2,193.0	0.0	31/12/2020
Stadtentwicklungsgesellschaft Buch mbH, Berlin	100.00[1]	3,917.2	–69.2	31/12/2020
STRABAG Residential Property Services GmbH, Berlin	0.49[1]	246.7	0.0	31/12/2019
SYNVIA energy GmbH, Magdeburg	100.00[1]	n.a.	n.a.	n.a.
SYNVIA media GmbH, Magdeburg	100.00[1]	1,753.5	–544.7	31/12/2019
SYNVIA mobility GmbH, Magdeburg	100.00[1]	n.a.	n.a.	n.a.
TELE AG, Leipzig	100.00[1]	1,027.6	807.6	31/12/2019
Telekabel Riesa GmbH, Riesa	26.00[1]	226.9	115.5	31/12/2019
VRnow GmbH, Berlin	10.00[1]	78.0	–186.1	31/12/2017
WB Wärme Berlin GmbH, Schönefeld	49.00[1]	20.7	–4.3	31/12/2019
Westside Living GmbH, Leipzig	11.00[1]	–349.6	–98.2	31/12/2019
WIK Wohnen in Krampnitz GmbH, Berlin	100.00[1, 4]	2,263.5	0.0	31/12/2020
WirMag GmbH, Grünstadt (vormals: WirMag GmbH, Bad Dürkheim)	14.85[1]	1,239.0	–645.7	31/12/2019
Wohnanlage Leonberger Ring GmbH, Berlin	100.00[1, 4]	850.9	0.0	31/12/2020
Zisa Beteiligungs GmbH, Berlin	49.00[1]	22.8	–1.9	31/12/2019
Zisa Grundstücksbeteiligungs GmbH & Co. KG, Berlin	94.90[1, 5]	1.0	344.2	31/12/2020
Zisa Verwaltungs GmbH, Berlin	100.00[1]	68.4	–21.6	31/12/2020
Zweite GSW Verwaltungs- und Betriebsgesellschaft mbH, Berlin	100.00[1]	69.7	–22.8	31/12/2020

not applicable (n.a.)
1 Indirect shareholding
2 Direct and indirect shareholding.
3 The company is also indirectly a member of a partnership.
4 Exemption pursuant to section 264(3) of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
5 Exemption pursuant to section 264 b of the German Commercial Code [Handelsgesetzbuch – HGB] due to inclusion in the consolidated financial statements of Deutsche Wohnen SE.
6 Large corporations

2 Receivables and other assets

Of the other assets, claims amounting to EUR 0.3 million have a remaining term of more than one year (previous year: EUR 0.2 million). The other receivables and other assets have a remaining term of less than one year, as in the previous year.

Receivables from affiliated companies (EUR 103.6 million; previous year: EUR 1,115.2 million) consist mainly of trade receivables (EUR 1.5 million; previous year: EUR 6.9 million), other receivables from internal Group cash pooling and loans (EUR 85.0 million; previous year: EUR 1,087.4 million) and other receivables primarily from profit transfers, distributions and in connection with the VAT tax group EUR 17.1 million; previous year: EUR 20.9 million).

The remaining other assets likewise primarily comprise – as in the previous year – tax refund claims.

3 Cash at hand, bank balances

Deutsche Wohnen SE has managed the intra-Group cash pool since the end of 2014. Bank balances include pledged balances of EUR 0.01 million (previous year: none) which are fully restricted.

4 Prepaid expenses

Prepaid expenses include a discount of EUR 36.8 million (previous year: EUR 23.7 million) arising in connection with the issuance of corporate bonds, bearer bonds and registered bonds and from loans.

5 Deferred tax assets

The following differences between the tax base of assets and liabilities and their value under commercial accounting standards exist at the company and/or other companies in the tax group:

1. The different treatment of price increases and discounting under commercial accounting standards and tax law gives rise to differences in pension provisions and other provisions that will result in a future tax benefit.
2. Tax law does not recognise certain other provisions in the commercial law balance sheet. The resulting differences will result in a future tax benefit.
3. There are tax loss carryforwards and interest carryforwards which will result in a future tax benefit.
4. Differences between the capital accounts of limited partnerships for tax purposes and the carrying amounts of the investments under commercial accounting standards give rise to differences that will result in a future tax expense.
5. Differences between the residual values of properties under tax law and commercial accounting standards and special tax items give rise to differences that will result in future tax benefits and expenses.
6. Different recognition and measurement rules for receivables and other assets give rise to differences in their tax base and residual value for commercial accounting purposes, which will result in a future tax benefit.

7. Different recognition and measurement rules for other provisions and other liabilities give rise to differences in their tax base and residual value for commercial accounting purposes, which will result in a future tax benefit and expense.
8. Discounts that are only recognised as deferrals in the tax balance sheet give rise to differences that will result in a future tax benefit.

Deutsche Wohnen SE has made use of the option to dispense with the recognition of net deferred tax assets.

6 Equity

Issued share capital

The registered share capital of Deutsche Wohnen SE as at 31 December 2020 amounted to EUR 359,843,541.00 (previous year: EUR 359,715,653.00). It is divided into 359,843,541 no-par value bearer shares each representing a notional share of the registered capital of EUR 1.00 per share. Deutsche Wohnen SE has only bearer shares. The shares are fully paid in.

All shares have 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 et seq., 118 et seq. and 186; in accordance with section 71b AktG the company has no rights from treasury shares. There are no shares with special rights conferring powers of control.

The Management Board of Deutsche Wohnen SE is not aware of any restrictions on voting rights or share transfers.

New shares from capital increases are issued as bearer shares.

Change in authorised capital

EUR k	
Authorised capital 2018/I	
As at 1 January 2020	107,383
not used in 2020	0
As at 31 December 2020	**107,383**

By resolution of the Annual General Meeting held on 15 June 2018, which was entered into the commercial register on 16 August 2018, 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 14 June 2023 by means of the issuance of up to 110 million new ordinary bearer shares against cash contributions and/or contributions in kind (authorised capital 2018/I). Partial use was made of this authorisation, by issuing 2,617,281 new shares for EUR 2,617,281.00. After this partial use there is still EUR 107,382,719.00 of authorised capital 2018/I available for the issue of up to 107,382,719 ordinary bearer shares. As a rule, shareholders must be granted subscription rights when shares are issued from 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.

Change in contingent capital

EUR k	2014/II	2014/III	2015/I	2017/I	2018/I	Total
As at 1 January 2020	5,852	12,728	50,000	30,000	35,000	133,580
Capital increase by issue of offer shares (GSW control agreement)[1]	–72	–	–	–	–	–72
Capital increase by issue of shares to settle the SOP 2014[1]	–	–56	–	–	–	–56
As at 31 December 2020	**5,780**	**12,672**	**50,000**	**30,000**	**35,000**	**133,452**

1 The changes in capital were entered into the commercial register on 29 January 2021.

Contingent Capital 2014/II was reduced in 2020 by the issue of 72,098 shares to be offered in the context of the proposed settlement for the control agreement with GSW Immobilien GmbH.

Contingent Capital 2014/III was reduced in 2020 by the issue of 55,790 shares to fulfil the 2016 tranche of the share option programme for the Management Board.

The issued capital has contingently been increased by a total of up to EUR 133.45 million by means of the issuance of up to approximately 133.45 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, Contingent Capital 2017/I and Contingent Capital 2018/I).

Issue of option rights, warrants or convertible bonds, profit participation rights or bonds with profit participation rights

The resolution adopted at the Annual General Meeting held on 15 June 2018 authorised the Management Board, subject to the approval 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) with a 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 35 million. The share issue will only take place 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.

Purchase of own shares

The acquisition of own shares is authorised pursuant to article 9(1) c) (ii) SE Regulation in conjunction with section 71 et seq. German Stock Corporation Act [Aktiengesetz – AktG] and also, as at the balance sheet date, by the Annual General Meeting held on 15 June 2018. The Management Board is authorised, with the consent of the Supervisory Board and subject to compliance with the principle of equal treatment of shareholders (article 9(1) c)(ii) SE Regulation in conjunction with section 53a German Stock Corporation Act [Aktiengesetz – AktG]) to purchase and use the company's own shares to 14 June 2023 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 own shares the company has previously acquired and still holds or are attributable to it under section 71a et seq. of the German Stock Corporation Act [Aktiengesetz – 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 treasury shares.

On 12 November 2019 the Management Board made use of this authorisation, with the approval of the Supervisory Board, and adopted a share buyback programme for up to 25 million shares and a total purchase price (without incidental costs) of up to EUR 750 million. The total number of shares acquired exclusively in Xetra trading at Frankfurt Stock Exchange by banks on behalf of Deutsche Wohnen SE in the course of the share buyback programme in the period from 15 November 2019 until its early end on 14 September 2020 was 16,070,566. This represents 4.47% of the share capital of Deutsche Wohnen SE. The average price paid per share was EUR 37.1675. Shares were bought back for a total of EUR 597,302,731.08. The treasury shares are to be used for purposes permitted under the authorisation to purchase treasury shares adopted at the Annual General Meeting on 15 June 2018. Detailed information in accordance with article 5 (1) b) and (3) Regulation (EU) No. 596/2014 in conjunction with article 2 (2) and (3) Delegated Regulation (EU) No. 2016/1052 is available online from www.deutsche-wohnen.com/share-buy-back

As of 31 December 2020 the company held 16,070,566 treasury shares. These treasury shares represent share capital of EUR 16,070,566.00.

The number of own shares (title under civil law) changed as follows:

	Number of shares in 1,000 units	Amount of issued capital in EUR k	Share of issued capital as of 31/12/2020	Purchase price (without incidental costs) in EUR k
As at 1 January 2020	**2,628.7**	**2,628.7**	**0.73%**	**93,314.8**
civil law purchase in January 2020	1,703.3	1,703.3	0.47%	63,035.3
civil law purchase in February 2020	1,500.9	1,500.9	0.42%	57,637.4
civil law purchase in March 2020	2,896.0	2,896.0	0.80%	96,467.6
civil law purchase in April 2020	2,024.1	2,024.1	0.56%	71,397.2
civil law purchase in May 2020	1,355.0	1,355.0	0.38%	51,987.3
civil law purchase in June 2020	1,360.4	1,360.4	0.38%	55,284.6
civil law purchase in July 2020	1,487.0	1,487.0	0.41%	60,469.3
civil law purchase in August 2020	522.4	522.4	0.15%	23,477.5
civil law purchase in September 2020	592.8	592.8	0.16%	27,195.4
As at 31 December 2020	**16,070.6**	**16,070.6**	**4.47%**	**600,266.4**

Capital reserve

As at 31 December 2020, the capital reserve amounted to EUR 1,732.8 million, having increased from EUR 2,603.2 million over the course of the financial year 2020 by EUR 2.4 million as a result of premiums from the in-kind contribution 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 (contribution pursuant to section 272(2) No. 1 German Commercial Code [Handelsgesetzbuch – HGB]. It was reduced by EUR 0.1 million due to measurement changes in performance levels under the share option programme (reversal as defined in section 272(2) No. 2 German Commercial Code [Handelsgesetzbuch – HGB]. EUR 487.4 million of the capital reserve formed in accordance with section 272(2) No.4 of the German Commercial Code [Handelsgesetzbuch – HGB] was used to purchase treasury shares. EUR 30.3 million was transferred from the capital reserve under section 272(2) No. 1 German Commercial Code [Handelsgesetzbuch – HGB] to offset the net loss and EUR 355.0 million was transferred from the capital reserve under section 272(2) No. 4 German Commercial Code [Handelsgesetzbuch – HGB] to net profit.

The capital reserve is made up as follows:

EUR m	31/12/2020	31/12/2019
Section 272(2) No. 1 of the German Commercial Code [Handelsgesetzbuch – HGB]	1,482.4	1,510.3
Section 272(2) No. 2 of the German Commercial Code [Handelsgesetzbuch – HGB]	6.9	7.1
Section 272(2) No. 4 of the German Commercial Code [Handelsgesetzbuch – HGB]	243.5	1,085.8
	1,732.8	**2,603.2**

Retained earnings

The statutory framework applies to German joint stock 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 [Aktiengesetz – AktG]. The amount of the statutory reserve is subject to a cap of 10% of the issued capital. In accordance with section 272(2) No. 1–3 of the German Commercial Code [Handelsgesetzbuch – HGB], any existing capital reserves are to be taken into account and the provisions required for the statutory reserve reduced accordingly. This is measured on the basis of the issued share capital which exists and is legally effective at the reporting date and which is to be reported in this amount on the respective annual balance sheet. The statutory reserve remains unchanged at EUR 1.0 million.

7 Pension provisions

Entitlements under reinsurance policies were offset against provisions for retirement benefits of EUR 9,000 pursuant to sentence 2, section 246(2) of the German Commercial Code [Handelsgesetzbuch – HGB] (previous year: EUR 12,000). Acquisition costs amounted to EUR 23,000 (previous year: EUR 12,000), the fair value and the offset liabilities amounted to EUR 8,000 (previous year: EUR 12,000) and the offset expenses amounted to EUR 5,000 (previous year: EUR 4,000). The difference pursuant to sentences 1 and 3 of section 253(6) of the German Commercial Code [Handelsgesetzbuch – HGB] amounted to EUR 192,000 as at the reporting date (previous year: EUR 191,000).

8 Other provisions

Other provisions consist mainly of provisions for outstanding invoices of EUR 1.7 million (previous year: EUR 2.0 million), staff-related provisions of EUR 14.7 million (previous year: EUR 10.4 million), impending losses under interest rate hedges of EUR 8.0 million (previous year: EUR 11.3 million) and costs and risks of litigation of EUR 22.6 million (previous year: 22.2 million).

9 Tax provisions

Tax provisions are recognised for the companies in the income tax group.

10 Liabilities

EUR k		of which remaining term		
	Balance sheet	up to one year	one to five years	more than five years
1. Bonds	4,775,445	232,945	1,395,000	3,147,500
Previous year	3,641,597	502,097	800,000	2,339,500
2. Liabilities to banks	60,371	371	60,000	0
Previous year	60,355	355	60,000	0
3. Trade liabilities	3,338	3,338	0	0
Previous year	3,519	3,519	0	0
4. Payments received on account	29	29	0	0
Previous year	0	0	0	0
5. Liabilities to affiliates	1,020,892	465,800	103,502	451,590
Previous year	1,622,664	1,063,077	31,457	528,130
6. Other liabilities	51,385	1,385	0	50,000
Previous year	4,081	4,081	0	0
Total for the financial year	**5,911,460**	**703,868**	**1,558,502**	**3,649,090**
Total for the previous year	**5,332,216**	**1,573,129**	**891,457**	**2,867,630**

The bonds consist of two convertible bonds and several corporate bonds as of the reporting date.

On 27 February 2017, Deutsche Wohnen issued a convertible bond for a nominal amount of EUR 800.0 million (WSW 2017: security identification number: A2BPB8) which can be converted in accordance with the exchange ratio valid as at 31 December 2020 into 17.0 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 pays interest at 0.325% p.a. and has a term to maturity on 26 July 2024 of seven years and five months. 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 for a nominal amount of EUR 800.0 million (WSW 2017 II: security identification number: A2GS37) which can be converted in accordance with the exchange ratio valid as at 31 December 2020 into 16.2 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 pays 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 registered bonds with an overall nominal value of EUR 475.0 million. These registered bonds have not been secured by Deutsche Wohnen SE. They pay interest at between 0.9% p.a. and 2.00% p.a. and mature between 2026 and 2032.

Also included under the item "bonds" are several bearer bonds with an overall nominal value of EUR 1,477.5 million. These bearer bonds have not been secured by Deutsche Wohnen SE. They pay interest at between 0.0% p.a. and 2.50% p.a. and mature between 2021 and 2036.

The corporate bond issued in 2015 (security number A161MH) was repaid in 2020 and two new unsecured corporate bonds were issued:

- Tranche 1 (security number A289NF) has a nominal amount of EUR 595.0 million, matures on 30 April 2030 and pays fixed interest of 1.50% p.a.
- Tranche 2 (security number A289NE) has a nominal amount of EUR 595.0 million, matures on 30 April 2025 and pays fixed interest of 1.0% p.a.

There were no outstanding corporate bonds under the Multi-Currency Commercial Paper Programme as of the reporting date.

Liabilities to affiliated companies consist mainly of liabilities from internal Group cash pooling and loans (EUR 905.2 million; previous year: EUR 1,568.7 million), trade receivables (EUR 0.1 million; previous year: EUR 1.1 million) and other receivables primarily from profit transfers and in connection with the VAT tax group (EUR 115.6 million; previous year: EUR 52.9 million).

Other liabilities as of 31 December 2020 included a borrower's note loan of EUR 50.0 million which was not held by a bank as of the reporting date.

The liabilities have not been secured by Deutsche Wohnen SE.

11 Deferred income

Deferred income includes discounts on the issue of bearer bonds.

D Notes on the income statement

1 Other operating income

Other operating income includes income from other periods of EUR 2.0 million (previous year: EUR 1.9 million) from the reversal of provisions.

2 Staff expenses

The share option plan set up in 2014 provides for a maximum of 12,879,752 subscription rights to be issued to members of the Management Board of Deutsche Wohnen SE and selected managers in the Deutsche Wohnen Group on the following terms:

subscription rights are issued in annual tranches to beneficiaries for up to four years after the contingent capital is entered in the commercial register, but at least until 16 weeks after the close of the Annual General Meeting in 2018. The amount of the annual tranches is determined by dividing the target variable remuneration for each beneficiary by a reference value. The reference value is the arithmetic mean closing price of the Deutsche Wohnen share on the 30 days before the respective share options are issued.

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 expire upon the expiration of the relevant period.

Subscription rights can only be exercised if the following conditions are met:
- the service contract concluded with the beneficiary is not terminated during the waiting period on grounds for which the latter is responsible (section 626(1) of the German Civil Code [BGB]) and
- the performance targets "adjusted NAV per share" (40% weighting), "FFO (without disposals) per share" (40% weighting) and "share price" (20% weighting) have been attained.

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

Within each of the above performance targets there is a minimum target that must be achieved for the exercise of half the share options for this target, and a maximum target which allows all the share options for this performance target to be exercised within the weighting of the respective performance target. The minimum target in each case is attained upon a degree of target attainment of 75% and the maximum target is in each case attained upon a degree of target attainment of 150%. The respective minimum and maximum targets are set by the company based on its four-year planning before the annual tranche of share options is issued. Subject to special rules if the beneficiary's service or employment contract ends before the close of the waiting period, the number of share options that can be exercised per tranche is equal to the total number of share options in that tranche multiplied by the total percentage of achievement of one or more performance targets as defined above and weighted by performance target as defined above, to compensate for any different achievement of performance targets in favour of the beneficiaries.

At the end of the waiting period, the number of the subscription rights eligible for allocation to each beneficiary is calculated on the basis of the degree of attainment of the performance targets. The beneficiary must pay EUR 1.00 per share to purchase the shares (exercise the allocated subscription rights). The shares purchased by exercising the option have full voting and dividend rights.

In the reporting year no subscription rights were issued, 55,790 subscription rights were exercised and 10,313 expired, so that 64,857 were still outstanding at year-end (previous year: 130,960).

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

The earnings impact of the share option programme recognised in the financial statements is made up of income of EUR 0.2 million for Tranche 3 and expenses of EUR 0.1 million for Tranche 4, or net income of EUR 0.1 million (previous year: expense of EUR 0.01 million).

3 Other operating expenses

Other operating expenses consist mainly of non-recurring costs of data protection (non; previous year: EUR 16.8 million), IT costs (EUR 17.0 million; previous year: EUR 15.1 million), marketing and investor relations expenses (EUR 5.8 million; previous year: EUR 7.3 million), ongoing advisory, audit and court expenses for current transactions and transaction costs for acquisitions (EUR 10.9 million; previous year: EUR 8.0 million), services received from affiliates (EUR 4.1 million; previous year: EUR 4.8 million) and costs related to raising equity (none; previous year: EUR 0.4 million).

4 Interest and similar expenses

Interest and similar expenses in 2020 included non-recurring expenses or expenses from other periods of EUR 4.6 million (previous year: EUR 11.3 million) from the addition to the provision for onerous contracts in connection with interest rate hedges, interest expenses of EUR 2.8 million (previous year: none) from unwinding interest rate hedges. In 2019 they included interest expenses of EUR 4.5 million in connection with the early redemption of corporate bonds.

E Derivative financial instruments

Deutsche Wohnen SE took out an interest rate swap for a nominal amount of EUR 70.0 million to hedge interest rate risks. There were no valuation units within the meaning of section 254 of the German Commercial Code [Handelsgesetzbuch – HGB] as of the reporting date. The remaining term is 9 years. Its negative fair value was EUR 8.0 million on a net basis as of the reporting date, which was measured by a mark-to-market valuation. The fair value is accounted for as a provision for onerous contracts within other provisions.

F Contingent liabilities

As at the reporting date, Deutsche Wohnen SE was acting as guarantor for the benefit of Aareal Bank AG, Wiesbaden, on behalf of affiliated companies in connection with bank guarantees on collected rental deposits in the amount of EUR 19.6 million (previous year: EUR 1.8 million) and for performance guarantees for construction work (EUR 17.8 million). A claim on Deutsche Wohnen SE is unlikely, because the 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 1,710.3 million, plus claims arising in connection with interest and interest rate hedge transactions. A claim on Deutsche Wohnen SE is unlikely because the companies are profitable and solvent, and the loans are secured by land charges.

Deutsche Wohnen SE is jointly and severally liable with two affiliated companies towards an external shareholder for guaranteed minimum distributions of EUR 0.3 million per year. A claim on Deutsche Wohnen SE is unlikely, because the companies are profitable and solvent.

Deutsche Wohnen SE has given a lender comfort letters for the benefit of affiliates for liabilities to other lenders of EUR 15.7 million, plus interest and rights under interest rate hedges. A claim on Deutsche Wohnen SE is unlikely because the companies are profitable and solvent, and the loans are secured by land charges.

Deutsche Wohnen SE has given letters of comfort to Entwicklungsträger Potsdam GmbH, Potsdam, and the city of Potsdam for the benefit of an affiliate for obligations of EUR 32.0 million under a land purchase contract and for investment obligations under an urban development agreement. The investments are expected to amount to around EUR 525 million. Claims under the comfort letters are unlikely, because the affiliate will receive the necessary financing to implement the purchase contract and meet its investment obligations.

Deutsche Wohnen SE has issued an unrestricted comfort letter in favour of GEHAG GmbH, Berlin. A claim on Deutsche Wohnen SE is unlikely, because the company is profitable and solvent.

Deutsche Wohnen SE has issued an unrestricted comfort letter in favour of Isaria München Projektentwicklungs GmbH, Munich. A claim on Deutsche Wohnen SE is unlikely, because the company is profitable and solvent.

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

A control 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 of EUR 1.40 per share p.a.

There are control and profit and loss transfer agreements between Deutsche Wohnen SE (parent) 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 Targetco (Berlin) GmbH, Berlin, which are all members of a tax group.

There are profit and loss transfer agreements between Deutsche Wohnen SE (parent) and Deutsche Wohnen Construction and Facilities GmbH, Berlin, Deutsche Wohnen Immobilien Management GmbH, Berlin, and Deutsche Wohnen Management GmbH, Berlin, which are all members of a tax group.

G 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	0.3	0.0	1.4
Long-term service contracts	9.0	21.6	0.7	31.3
Total	**10.1**	**21.9**	**0.7**	**32.7**

Another financial obligation exists under the control agreement with GSW Immobilien AG as the controlled entity, whereby external shareholders are guaranteed a minimum dividend of EUR 1.40 per share p.a. from GSW Immobilien AG or the payment of any difference by Deutsche Wohnen SE. As at the reporting date, external shareholders still held 3,416,212 bearer shares of GSW Immobilien AG.

Other financial obligations from internal tenancy and service agreements within the Deutsche Wohnen Group are not included here.

H Other disclosures

1 Management Board

The Management Board was composed of the following members:

Name	Occupation	Memberships of supervisory boards and other supervisory bodies within the meaning of section 125 para. 1, sentence 5, German Stock Corporation Act [Aktiengesetzt – AktG]
Michael Zahn Chair of the Management Board	Chief Executive Officer, CEO	• DIC Asset AG[1], Frankfurt/Main (Member of the Supervisory Board since 08/07/2020) • IOLITE IQ GmbH[2], Berlin (Member of the Supervisory Board) • PFLEGEN & WOHNEN HAMBURG GmbH[2], Hamburg (Deputy Chair of the Supervisory Board since 25/05/2020) • QUARTERBACK Immobilien AG[2], Leipzig (Member of the Supervisory Board since 14/08/2020, Deputy Chair of the Supervisory Board since 20/08/2020) • G+D Gesellschaft für Energiemanagement GmbH[2], Magdeburg (Chair of the Advisory Board) • Funk Schadensmanagement GmbH[2], Berlin (Chair 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)
Philip Grosse	Chief Financial Officer, CFO	• GSW Immobilien AG[1,2], Berlin (Chair of the Supervisory Board) • GEHAG GmbH[2], Berlin (Deputy Chair of the Supervisory Board) • Eisenbahn-Siedlungs-Gesellschaft Berlin mbH[2], Berlin (Chair of the Supervisory Board) • QUARTERBACK Immobilien AG[2], Leipzig (Member of the Supervisory Board since 14/08/2020) • Commerzbank AG[1], Frankfurt/Main (Member of the Regional Advisory Board East)
Henrik Thomsen	Chief Development Officer, CDO	none
Lars Urbansky	Chief Operating Officer, COO	• GEHAG GmbH[2], Berlin (Chair of the Supervisory Board) • Eisenbahn-Siedlungs-Gesellschaft Berlin mbH[2], Berlin (Member of the Supervisory Board) • GEHAG Vierte Beteiligung SE[2], Berlin (Member of the Supervisory Board)

1 Publicly listed company
2 Company in the Deutsche Wohnen Group

The members of the Management Board received the following remuneration for their work:

Michael Zahn – Chief Executive Officer (Member of the Management Board since 01/09/2007)

	Gratuities				Inflow	
EUR thousand	2019 Target	2020 Target	2020 Min.	2020 Max.	2019	2020
Fixed salary	1,025	1,025	1,025	1,025	1,025	1,025
Fringe benefits	34	37	37	37	34	37
Total fixed remuneration	**1,059**	**1,062**	**1,062**	**1,062**	**1,059**	**1,062**
Short-term incentive (STI)	500	500	0	625	587	610
Long-term incentive (LTI) 2018–2022	750	750	0	1,875	1,527[1]	1,500[2]
Postponed remuneration SU[3]	0	201	0	201	0	0
Total variable remuneration	**1,250**	**1,451**	**0**	**2,701**	**2,114**	**2,110**
Total	**2,309**	**2,513**	**1,062**	**3,763**	**3,173**	**3,172**

1 Cash benefit from exercised options 2019
2 Cash benefit from exercised options 2020
3 The amount corresponds to the present value of 4,550 SU

Philip Grosse (Member of the Management Board since 01/09/2016)

	Gratuities				Inflow	
EUR thousand	2019 Target	2020 Target	2020 Min.	2020 Max.	2019	2020
Fixed salary	437	450	450	450	437	450
Fringe benefits	22	23	23	23	22	23
Total fixed remuneration	**459**	**473**	**473**	**473**	**459**	**473**
Short-term incentive (STI)	281	300	0	375	264	366
Long-term incentive (LTI) 2018–2022	375	400	0	1,000	0	137[1]
Postponed remuneration SU[2]	0	16	0	16	0	0
Total variable remuneration	**656**	**716**	**0**	**1,391**	**264**	**503**
Total	**1,115**	**1,189**	**473**	**1,864**	**723**	**976**

1 Cash benefit from exercised options 2020
2 The amount corresponds to the present value of 385 SU

Lars Urbansky (Member of the Management Board since 01/04/2019)

	Gratuities				Inflow	
EUR thousand	2019 Target	2020 Target	2020 Min.	2020 Max.	2019	2020
Fixed salary	225	300	300	300	225	300
Fringe benefits	16	22	22	22	16	22
Total fixed remuneration	**241**	**322**	**322**	**322**	**241**	**322**
Short-term incentive (STI)	150	200	0	250	0	183
Long-term incentive (LTI) 2018–2022	75	100	0	250	0	0
Postponed remuneration RSU[1]	137	114	0	114	0	0
Total variable remuneration	**362**	**414**	**0**	**614**	**0**	**183**
Total	**603**	**736**	**322**	**936**	**241**	**505**

1 The amount corresponds to the present IFRS value of 3,125 RSU

Henrik Thomsen (Member of the Management Board since 01/10/2019)

	Gratuities				Inflow	
EUR thousand	2019 Target	2020 Target	2020 Min.	2020 Max.	2019	2020
Fixed salary	113	450	450	450	113	450
Fringe benefits	5	19	19	19	5	19
Total fixed remuneration	**118**	**469**	**469**	**469**	**118**	**469**
Short-term incentive (STI)	75	300	0	375	0	75
Long-term incentive (LTI) 2018–2022	88	350	0	875	0	0
Postponed remuneration RSU[1]	0	183	0	183	0	0
Total variable remuneration	**163**	**833**	**0**	**1,433**	**0**	**75**
Total	**281**	**1,302**	**469**	**1,902**	**118**	**544**

1 The amount corresponds to the present IFRS value of 5,000 RSU

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

There are no retirement benefit obligations to former Management Board members 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 2020. There were no claims against Management Board members from advance payments, loans or guarantees as of the reporting date.

2 Supervisory Board

The Supervisory Board is composed of the following members:

Name	Occupation	Memberships of supervisory boards and other supervisory bodies within the meaning of section 125 para. 1, sentence 5, German Stock Corporation Act [Aktiengesetz – AktG]
Matthias Hünlein Chair	Managing Director Tishman Speyer Properties Deutschland GmbH, Frankfurt/Main	• Tishman Speyer Investment Management GmbH[1], Frankfurt/Main (Deputy Chair of the Supervisory Board)
Jürgen Fenk Deputy Chair since 05/06/2020	CEO Stone Holding SASU, Paris, Frankreich (Primonial Group)	• SIGNA Development Selection AG[1], Innsbruck, Austria (Member of the Supervisory Board) • GALERIA Karstadt Kaufhof GmbH[1], Essen (Member of the Supervisory Board until 26/02/2021)
Arwed Fischer	Member of various supervisory boards	• 6B47 Real Estate Investors AG, Vienna, Austria (Chair of the Supervisory Board) • SUMMIQ AG, Munich (Chair of the Supervisory Board) • Five Quarters Real Estate AG, Hamburg (Deputy Chair of the Supervisory Board)
Kerstin Günther since 05/06/2020	Managing Director of Helmholtz Zentrum Munich Deutsches Forschungszentrum für Gesundheit und Umwelt (GmbH), Munich	none
Tina Kleingarn	Partner of Westend Corporate Finance, Frankfurt/Main	none
Dr Florian Stetter	CEO of Rockhedge Asset Management AG, Krefeld	• C&P Immobilien AG, Graz, Austria (Member of the Supervisory Board) • Noratis AG, Eschborn (Deputy Chair of the Supervisory Board) • Historie&Wert Aktiengesellschaft, Wuppertal (Chair of the Supervisory Board) • Intelliway Services AD, Sofia, Bulgaria (Member of the Board of Directors)
Dr Andreas Kretschmer Deputy Chair until 05/06/2020	Management consultant, Düsseldorf	none

1 Company belongs to a larger group

Each member of the Supervisory Board receives fixed annual remuneration of EUR 75 thousand, the Chair of the Supervisory Board receives three times this amount and the Deputy Chair one-and-a-half times this amount. For membership of the Audit Committee, a member of the Supervisory Board receives an additional EUR 15 thousand per financial year and the Chair of the Audit Committee receives twice this amount. A fee of EUR 5 thousand per member and committee is paid for each financial year for membership of other Supervisory Board committees; the committee chair receives twice this amount. Total remuneration, including remuneration for membership of Supervisory Board committees and comparable supervisory boards of Group companies, may not exceed EUR 300 thousand per member of the Supervisory Board – regardless of the number of committee memberships and functions – per calendar year (not including any VAT payable).

The remuneration paid to members of the Supervisory Board in the financial year 2020 amounted to a total of EUR 749,375 (previous year: EUR 744,167) net of value added tax. Matthias Hünlein received EUR 247,500 net (previous year: EUR 255,000), Dr Andreas Kretschmer received EUR 63,750 net (previous year: EUR 127,500; left the Supervisory Board as of June 2020), Jürgen Fenk received EUR 116,875 net (previous year: EUR 95,000), Arwed Fischer received EUR 80,833 net (previous year: EUR 43,750), Kerstin Günther received EUR 52,500 net (member of the Supervisory Board since June 2020), Tina Kleingarn received EUR 82,917 net (previous year: EUR 77,917), Dr Florian Stetter received EUR 105,000 net (previous year: EUR 105,000).

The company reimburses the members of the Supervisory Board for their out-of-pocket expenses. The VAT payable on the remuneration is reimbursed by the company to the extent that the members of the Supervisory Board are entitled to invoice the company for separate VAT and they exercise this right.

Furthermore, the members of the Supervisory Board are included in the D&O insurance of Deutsche Wohnen SE.

There are no retirement benefit obligations to former Supervisory Board members of Deutsche Wohnen SE. No advances, loans or securities were granted to members of the Supervisory Board in the financial year 2019. There were no claims against Supervisory Board members from advance payments, loans or guarantees as of the reporting date.

3 Shareholdings requiring notification in accordance with sec. 160 para. 1 no. 8 German Stock Corporation Act (AktG)

A. Major shareholdings

There exist the following major shareholdings in Deutsche Wohnen SE that the company was notified about pursuant to sec. 33 para. 1 German Securities Trading Act (WpHG) that were published pursuant to sec. 40 para. 1 German Securities Trading Act (WpHG) with the following wording:

I. Black Rock, Inc.

Notification of Major Holdings

1. Details of issuer

Name:	Deutsche Wohnen SE
Street:	Mecklenburgische Straße 57
Postal code:	14197
City:	Berlin Deutschland
Legal Entity Identifier (LEI):	529900QE24Q67I3FWZ10

2. Reason for notification

Acquisition/disposal of shares with voting rights
Acquisition/disposal of instruments
Change of breakdown of voting rights
X Other reason:
Notification made as a result of the completion of the UK's withdrawal from the EU and subsequent change in BlackRock's organisational structure.

3. Details of person subject to the notification obligation

Legal entity:	City of registered office, country:
BlackRock, Inc.	Wilmington, Delaware, 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:

31 Dec 2020

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 pursuant to Sec. 41 WpHG
New	11.48%	0.05%	11.54%	359,843,541
Previous notification	11.31%	0.06%	11.37%	/

7. Details on total positions

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

ISIN	absolute		in %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE000A0HN5C6	0	41,326,160	0.00%	11.48%
Total	41,326,160		11.48%	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities (right to recall)	N/A	N/A	120,487	0.03%
		Total	120,487	0.03%

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference	N/A	N/A	Cash	63,131	0.02%
			Total	63,131	0.02%

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

Person subject to the notification obligation is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) 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 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 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 Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
–	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
–	%	%	%
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.	%	%	%

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

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
BlackRock Institutional Trust Company, National Association	%	%	%
SAE Liquidity Fund (GenPar), LLC	%	%	%
–	%	%	%
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 (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Lux Finco S. a r.l.	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
–	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
–	%	%	%
BlackRock, Inc.	%	%	%

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe 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 Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe 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 Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
BlackRock Luxembourg Holdco S.a.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 Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
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 Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock Investment Management (UK) Limited	4.47%	%	%
–	%	%	%
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 Cayman 1 LP	%	%	%

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.a.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 Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.a.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 Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
BlackRock Fund Managers 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 Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
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 Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
–	%	%	%

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

(only in case of attribution of voting rights in accordance with Sec. 34 para. 1 sent. 1 No. 6 WpHG)

Date of general meeting:
Holding total positions after general meeting (6.) after annual general meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

Date
06 Jan 2021

II. Massachusetts Financial Services Company

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.

III. Ministry of Finance on behalf of the State of Norway

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:	City and country of registered office:
Ministry of Finance on behalf of the State of Norway	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 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0HN5C6		23,396,706	%	6.93%
Total	23,396,706		6.93%	

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

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

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

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			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. 22 para. 3 WpHG*

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

10. *Other explanatory remarks:*

Inventory notification including voting rights out of shares held as collateral in the numerator regarding Sec. 21 para 1 WpHG.

IV. State Street Corporation

Notification of Major Holdings

1. *Details of issuer*

Name:	Deutsche Wohnen SE
Street:	Mecklenburgische Straße 57
Postal code:	14197
City:	Berlin Germany
Legal Entity Identifier (LEI):	529900QE24Q67I3FWZ10

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

Legal entity:	City of registered office, country:
State Street Corporation	Boston, MA, United States of America (USA)

4. Names of shareholder(s)

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

5. Date on which threshold was crossed or reached:

11 March 2019

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 pursuant to Sec. 41 WpHG
New	3.10%	0.00%	3.10%	357,016,255
Previous notification	2.99%	0.00%	2.99%	/

7. Details on total positions

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

ISIN	absolute		in %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE000A0HN5C6	0	11,057,472	0.00%	3.10%
Total	11,057,472		3.10%	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
			0	0.00%
		Total	0	0.00%

b.2. Instruments according to Sec. 38 (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 %
				0	0.00%
			Total	0	0.00%

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

Person subject to the notification obligation is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) 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 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
State Street Corporation	%	%	%
State Street Global Advisors Inc.	%	%	%
–	%	%	%
State Street Corporation	%	%	%
State Street Global Advisors Inc.	%	%	%
State Street Global Advisors (Asia) Limited	%	%	%
–	%	%	%
State Street Corporation	%	%	%
State Street Global Advisors Inc.	%	%	%
State Street Global Advisors International Holdings Inc.	%	%	%
SSGA Japan Holdings GK	%	%	%
State Street Global Adivsors (Japan) Co., Ltd	%	%	%
–	%	%	%
State Street Corporation	%	%	%
State Street Global Advisors Inc.	%	%	%
State Street Global Advisors Australia Limited	%	%	%
–	%	%	%
State Street Corporation	%	%	%
State Street Global Advisors Inc.	%	%	%
State Street Global Advisors International Holdings Inc.	%	%	%
State Street Global Advisors Switzerland Holdings GmbH	%	%	%
State Street Global Advisors Holdings Limited	%	%	%
State Street Global Advisors Ireland Limited			

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

(only in case of attribution of voting rights in accordance with Sec. 34 para. 1 sent. 1 No. 6 WpHG)

Date of general meeting:
Holding total positions after general meeting (6.) after annual general meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

Date
15 March 2019

V. Deutsche Wohnen SE

Publication of acquisition or disposal in respect of own shares

1. Details of issuer

Deutsche Wohnen SE
Mecklenburgische Straße 57
14197 Berlin
Germany

2. Names of subsidiary undertakings or third persons holding directly 3% or more shares, if different from 1.

3. Date on which threshold was crossed or reached

29 Apr 2020

4. Share-position

	Share-position in %	total amount of shares issued
Resulting situation	3.01%	359,774,711
Previous publication	n.a. %	/

5. Einzelheiten

absolute		in %	
direct	indirect (via subsidiary or third person, Sec. 71d para. 1 AktG)	direct	indirect (via subsidiary or third person, Sec. 71d para. 1 AktG)
10,827,915	0	3.01%	0%

B. Voting rights notifications in the financial year and up to the reporting date

Content of the voting rights notifications received by Deutsche Wohnen SE according to sec. 33 para. 1 German Securities Trading Act (WpHG) and that were published pursuant to sec. 40 para. 1 German Securities Trading Act (WpHG) in the financial year 2020 and after the end of the financial year until the valuation date can be found in Appendix 2 to the Notes.

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 229 (previous year: 209).

6 Transactions with related parties

There were no transaction between the company and related persons or entities in the reporting year that did not take place on arm's length terms.

7 Consolidated financial statements

The company is the parent of a group and prepares consolidated financial statements that are published in the Federal Gazette.

8 Corporate governance

The Management Board and the Supervisory Board have issued a declaration of compliance with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act [Aktiengesetz – AktG] and have made it permanently available to the shareholders at www.deutsche-wohnen.com

I Events after the reporting date

As part of the ongoing development of new building activities, Isaria München Projektentwicklungs GmbH was sold by an indirect subsidiary of Deutsche Wohnen SE to the QUARTERBACK Immobilien Group for EUR 12.5 million. All the new building competences in the Deutsche Wohnen Group are now pooled in the QUARTERBACK Immobilien Group.

On the 30 September 2019 the Data Privacy and Freedom of Information Officer imposed a fine on Deutsche Wohnen SE due to the allegation of breaches of the EU General Data Protection Regulation (GDPR). The alleged infringements relate to a data archival solution that Deutsche Wohnen SE has already replaced. In response to the company's appeal, the district court discontinued the proceedings in February 2021 because the penalty notice was invalid. The Data Privacy and Freedom of Information Officer immediatly lodged a complaint with regrad to the decision of the berlin district court.

We are not aware of any other material events after the reporting date.

J Use of profits

The Management Board proposes the following use of the net profit in the amount of EUR 355,000,000.00 reported as at 31 December 2020, comprising profit carry-forwards of EUR 46,429,968.50, a net loss for the year of EUR 76,741,302.99, a withdrawal from the capital reserve pursuant to section 272(2) No. 1 of the German Commercial Code [Handelsgesetzbuch – HGB] of EUR 30,311,334.49 and a withdrawal from the capital reserve pursuant to section 272(2) No. 4 of the German Commercial Code [Handelsgesetzbuch – HGB] of EUR 355,000,000.00:

EUR	
Distribution to the shareholders: Payment of a dividend of EUR 1.03 per bearer share that is entitled to dividends for the financial year 2020; on the basis of 343,774,060 bearer shares, this will amount to	354,087,281.80
Profit carried forward:	912,718.20
Net profit	**355,000,000.00**

The number of shares entitled to dividends at the time of the Management Board's proposal were used to calculate the amounts shown for the dividend and the profit carried forward. This reflects the fact that the 16,070,566 own shares held by the company at this time were not entitled to dividends in accordance with section 71b German Stock Corporation Act [Aktiengesetz – AktG].

The number of shares entitled to dividends for 2020 may increase until the date of the Annual General Meeting if new shares are issued, particularly from Contingent Capital 2014/II (article 6b of the articles of association), to settle claims by external shareholders of GSW Immobilien AG under the control agreement between Deutsche Wohnen SE and GSW Immobilien AG.

In any case, the amount of the dividend per no-par value share entitled to dividends will remain unchanged at EUR 1.03.

If the number of shares entitled to dividends changes and so also the total amount of the dividend as a result, the profit carried forward will change accordingly.

Berlin, 19 March 2021

Deutsche Wohnen SE

Michael Zahn
Chair of the
Management Board

Philip Grosse
Management Board

Henrik Thomsen
Management Board

Lars Urbansky
Management Board

Appendix 1 to the notes

STATEMENT OF CHANGES OF NON-CURRENT ASSETS FOR 2020

	Acquisition and production costs				
EUR	01/01/2020	Additions	Disposals	Reclassifications	31/12/2020
I. Intangible assets					
1. Purchased concessions, intellectual property rights and similar rights and licences	18,507,564.02	1,183,022.29	0.00	4,008,837.66	23,699,423.97
2. Advance payments	4,008,837.66	550,981.20	0.00	–4,008,837.66	550,981.20
	22,516,401.68	**1,734,003.49**	**0.00**	**0.00**	**24,250,405.17**
II. Property, plant and equipment					
1. Buildings on thirdparty land	218,795.33	348,742.31	0.00	0.00	567,537.64
2. Other equipment, furniture and fixtures	15,829,728.57	3,227,280.66	517,365.90	232,562.98	18,772,206.31
3. Advance payments on property, plant and equipment	232,562.98	0.00	0.00	–232,562.98	0.00
	16,281,086.88	**3,576,022.97**	**517,365.90**	**0.00**	**19,339,743.95**
III. Financial assets					
1. Shares in affiliates	4,369,779,417.02	2,496,936.26	0.00	0.00	4,372,276,353.28
2. Lendings to affiliates	2,503,962,671.60	1,091,006,753.72	283,390,000.00	0.00	3,311,579,425.32
	6,873,742,088.62	**1,093,503,689.98**	**283,390,000.00**	**0.00**	**7,683,855,778.60**
	6,912,539,577.18	**1,098,813,716.44**	**283,907,365.90**	**0.00**	**7,727,445,927.72**

Cumulative depreciation and amortization				Carrying amounts	
01/01/2020	Additions	Disposals	31/12/2020	31/12/2020	31/12/2019
15,545,466.19	2,793,582.72	0.00	18,339,048.91	5,360,375.06	2,962,097.83
0.00	0.00	0.00	0.00	550,981.20	4,008,837.66
15,545,466.19	**2,793,582.72**	**0.00**	**18,339,048.91**	**5,911,356.26**	**6,970,935.49**
215,031.17	52,667.02	0.00	267,698.19	299,839.45	3,764.16
7,350,381.11	2,247,054.50	419,182.38	9,178,253.23	9,593,953.08	8,479,347.46
0.00	0.00	0.00	0.00	0.00	232,562.98
7,565,412.28	**2,299,721.52**	**419,182.38**	**9,445,951.42**	**9,893,792.53**	**8,715,674.60**
0.00	0.00	0.00	0.00	4,372,276,353.28	4,369,779,417.02
0.00	0.00	0.00	0.00	3,311,579,425.32	2,503,962,671.60
0.00	**0.00**	**0.00**	**0.00**	**7,683,855,778.60**	**6,873,742,088.62**
23,110,878.47	**5,093,304.24**	**419,182.38**	**27,785,000.33**	**7,699,660,927.39**	**6,889,428,698.71**

Appendix 2 to the notes

CONTENT OF THE VOTING RIGHTS NOTIFICATIONS RECEIVED BY DEUTSCHE WOHNEN SE ACCORDING TO SEC. 33 PARA. 1 GERMAN SECURITIES TRADING ACT (WPHG) AND THAT WERE PUBLISHED PURSUANT TO SEC. 40 PARA. 1 GERMAN SECURITIES TRADING ACT (WPHG) IN THE FINANCIAL YEAR 2020 AND AFTER THE END OF THE FINANCIAL YEAR UNTIL THE VALUATION DATE.

Emittentin: Deutsche Wohnen SE, Mecklenburgische Straße 57, 14197 Berlin,
LEI: 529900QE24Q67I3FWZ10

Person subject to the notification obligation City of registered office, country	Date on which threshold was crossed or reached	Total number of voting rights on the date of crossing or reaching the threshold	Voting rightes according to sec. 33 WpHG (direct)	
			Absolut	In %
BlackRock, Inc., Wilmington, DE, USA	06/01/2020	359,715,653	–	–
BlackRock, Inc. Wilmington, DE, USA	16/01/2020	359,715,653	–	–
Schroders plc London, UK	05/02/2020	359,715,653	–	–
MFS International Intrinsic Value Fund Boston, MA, USA	03/03/2020	359,731,279	10,771,742	2.994%
Deutsche Wohnen SE Berlin, Deutschland	29/04/2020	359,774,711	10,827,915	3.01%
BlackRock, Inc. Wilmington, DE, USA	17/11/2020	359,835,830	–	–
BlackRock, Inc. Wilmington, DE, USA	19/11/2020	359,835,830	–	–
BlackRock, Inc. Wilmington, DE, USA	31/12/2020	359,843,541	–	–

Voting rightes according to sec. 34 WpHG (indirect)		Instruments according to sec. 38 I Nr. 1 WpHG		Instruments according to sec. 38 I Nr. 2		
Anzahl	Prozent	Anzahl	Prozent	Anzahl	Prozent	Controlled undertakings with at least 3% or more of voting rights
36,537,925	10.16%	821,538	0.23%	–	–	BlackRock Investment Management (UK) Limited: 3.21%
37,090,306	10.31%	949,694	0.26%	–	–	BlackRock Investment Management (UK) Limited: 3.35%
10,763,712	2.99%	–	–	71,049	0.02%	
–	–	–	–	–	–	
–	–	–	–	–	–	
40,447,153	11.24%	163,198	0.05%	44,774	0.01%	BlackRock Investment Management (UK) Limited: 4.31%
40,682,337	11.31%	132,213	0.04%	92,247	0.03%	BlackRock Investment Management (UK) Limited: 4.37%
41,326,160	11.48%	120,487	0.03%	63,131	0.02%	BlackRock Investment Management (UK) Limited: 4.47%

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, Berlin, which comprise the balance sheet as of December 31, 2020, and the income statement for the financial year from January 1 to December 31, 2020, 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 to December 31, 2020. In accordance with German legal requirements, we have not audited the content of those components of the management report specified in the "Other Information" section of our auditor's 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, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, 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 those components of the management report specified in the "Other Information" section of the auditor's report.

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)(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, 2020, to December 31, 2020. 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, 2020, report shares in affiliated companies in the amount of EUR 4.4 billion and loans to affiliated companies of EUR 3.3 billion as well as receivables from affiliated companies in the amount of EUR 0.1 billion reported under receivables and other assets. These items account for 92.7% of total assets and thus have a material effect on the Company's assets and liabilities.

Shares in affiliated companies are recognized at cost or at their lower fair value. Loans to affiliated companies and receivables from affiliated companies are stated at the lower of nominal and fair value. In this respect, it is necessary to determine whether the fair value falls below the carrying amount and a write-down has to be recognized.

Impairment testing of shares in affiliated companies as well as loans to affiliated companies and receivables from affiliated companies is complex and based on assumptions that require judgment. 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 key determinants of fair value are therefore the fair values of residential and commercial property, project developments and nursing properties held by the subsidiaries.

Deutsche Wohnen determines the fair value of the portfolio of residential and commercial investment property internally using a discounted cash flow model. In addition, Jones Lang LaSalle SE (hereinafter referred to as JLL) provides an appraisal which is used by Deutsche Wohnen to verify the in-house valuation (measurement) of residential and commercial property. For the valuation of project development of residential and commercial property, Deutsche Wohnen uses the residual valuation calculations of JLL as a base. Nursing properties are valued (measured) by W&P Immobilienberatung GmbH (hereinafter referred to as W&P) using a discounted cash flow model.

In-house valuation and valuations (measurements) of JLL and W&P are carried out as of the measurement date (December 31, 2020).

Numerous assumptions relevant to measurement are made when assessing the value of portfolios of residential and commercial property, project developments and nursing properties, which are complex and subject to considerable estimation uncertainties and judgments. Even minor changes in the assumptions relevant to valuation may have a material effect on the resulting fair value.

The key assumptions for measuring the value of portfolios of residential and commercial property as of the measurement date were annual rental growth as well as the discount and capitalization rates.

The key assumptions for the residual value calculation for project developments of residential and commercial properties as of the measurement date were the net present values after completion, the outstanding project development costs including financing costs and development profit.

The key assumptions for measuring the value of nursing properties as of the measurement date were market rents, discount rates and maintenance expenses.

There is a risk for the 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 of shares in, receivables from and loans to affiliated companies, we focused especially on the key value drivers, the fair values of the residential/commercial properties, project developments and nursing properties.

Our audit procedures in respect of the portfolio of residential and commercial property included, in particular, an assessment of the internal valuation method used, the accuracy and completeness of data used for property portfolios and the appropriateness of assumptions for measurement such as the annual rental growth and discount/capitalization rates used. 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 assumptions and data relevant for measurement were appropriately recorded 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 which 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 based on a representative selection of properties, which was supplemented by elements deliberately selected on a risk-oriented basis. 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 properties selected. We carried out on-site inspections for deliberately selected properties to verify the respective property's condition.

We were satisfied with the competence, professional skills and impartiality of JLL, engaged by Deutsche Wohnen to assess the value of its residential and commercial property, assessed 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.

Our audit procedures in respect of the project development of residential and commercial properties particularly included:

- Evaluation of the competence, professional skills and impartiality of JLL engaged by Deutsche Wohnen for the valuation of project development of residential and commercial properties.
- Evaluation of the valuation method used for valuation taking into consideration the specific assumptions for measurement.
- Evaluationssss of the accuracy and completeness of the data used.
- Evaluation of the appropriateness of the key measurement assumptions usedsuch as the net present values after completion, the outstanding project development costs including financing costs and development profit.

We conducted our audit with the involvement of our valuation experts.

We assessed the appropriateness of the assumptions made for measurement using a deliberate risk-based selection of project developments. We carried out on-site inspections for deliberately selected project developments to verify the respective status of project development.

For nursing properties, we verified the competence, professional skills and impartiality of W&P, evaluated the valuation method used and assessed the completeness and accuracy of the numerical data. We evaluated the appraisal with regard to key assumptions for measurement for a risk-based deliberate selection of properties. We conducted our audit with the involvement of our valuation experts.

We made use of our findings from the audit of the fair value of the residential and commercial property, project developments as well as nursing properties when impairment testing 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, and also verified that the need to recognize impairment losses or reverse impairment losses was accurately presented.

OUR OBSERVATIONS

The assumptions and data used for the impairment testing of shares in affiliated companies as well as loans to affiliated companies and receivables from affiliated companies are appropriate. The valuation methods used are in line with the applicable valuation standards.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the management report, whose content was not audited:

- the non-financial group statement for , which is contained in Section 9 of the management report,
- the corporate governance statement for the Company and the Group referred to in Section 8 of the management report.

The other information also includes the remaining parts of the annual report. The other information does not include the annual financial statements, the management report information audited for content and our auditor's report thereon.

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 aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content 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 non-financial group statement. Please refer to our assurance report dated March 22, 2021, 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

Assurance Report in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, „deutschewohnense_jahresabschluss 2020.zip" (SHA256-Hashwert: 0c6f79bfcae18410b55c755a80299e59af1fb375133510b53c4f346663fca95d), and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the financial statements and the management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying financial statements and the accompanying management report for the financial year from January 1 to December 31, 2020, contained in the "Report on the Audit of the Annual Financial Statements and the Management Report" above.

We conducted our assurance work on the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on June 5, 2020. We were engaged by the Supervisory Board on December 2, 2020. We have been the auditor of Deutsche Wohnen SE without interruption since 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 of the group financial statements and the financial statements for the Company , we have provided to the Company or its subsidiaries the following services that are not disclosed in the annual financial statements or in the management report:

Assurance review of the non-financial group statement, comfort letter, support in enforcement proceedings 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 22, 2021

KPMG AG

Wirtschaftsprüfungsgesellschaft

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

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable accounting standards, the annual financial statements give a true and fair view of the net assets, financial and earnings position of Deutsche Wohnen SE 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, 19. March 2021

Deutsche Wohnen SE

Michael Zahn
Chair of the
Management Board

Philip Grosse
Management Board

Henrik Thomsen
Management Board

Lars Urbansky
Management Board

CONTACT

Sebastian Jacob
Head of Investor Relations

Phone +49 (0)30 897 86 5413
Fax +49 (0)30 897 86 5419

Deutsche Wohnen SE
Mecklenburgische Straße 57
14197 Berlin, Germany

Phone +49 (0)30 897 86 0
Fax +49 (0)30 897 86 1000

info@deutsche-wohnen.com
www.deutsche-wohnen.com

IMPRINT

Published by
Deutsche Wohnen SE, Berlin

Concept, design and realisation
Silvester Group, Hamburg
www.silvestergroup.com

This report is available in German and English. Both versions are available for download on www.deutsche-wohnen.com

The German version of this report is legally binding. The company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.

berichterstattung.deutsche-wohnen.com