

Second-Party Opinion

Deutsche Wohnen Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Deutsche Wohnen Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and the Green Loan Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2020. Sustainalytics considers that investments in the eligible categories are expected to reduce the carbon footprint of Deutsche Wohnen’s building stock and advance the UN Sustainable Development Goals, specifically SDG 7, 9 and 11.



PROJECT EVALUATION / SELECTION Deutsche Wohnen’s eligible projects will be evaluated and selected by a dedicated Green Finance Committee made up of the Chief Finance Officer, the Chief Development Officer, and representatives from the Asset Management, Corporate Finance/Treasury, and Sustainability Management/CSR departments. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Net proceeds will be managed by Deutsche Wohnen’s Corporate Finance department. The Company intends to fully allocate proceeds within 24 months of issuance of financing transactions. Pending full allocation, proceeds will be held in cash or other short-term instrument or used to refinance outstanding debt. This is in line with market practice.



REPORTING Deutsche Wohnen intends to report on the allocation of proceeds annually on its website until full allocation via a dedicated Green Finance Investor Report. Allocation reporting will include proceeds allocated per category, type of funding instrument and the number of properties. In addition, the Company is committed to reporting on relevant impact metrics. Sustainalytics views Deutsche Wohnen’s allocation and impact reporting as aligned with market practice.

Evaluation date	March 17, 2021
Issuer Location	Berlin, Germany

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Introduction

Deutsche Wohnen SE Group (“Deutsche Wohnen”, or the “Company”) is a real estate company headquartered in Berlin, Germany. Deutsche Wohnen’s property portfolio consists of over 160,000 residential and commercial buildings with a total value of approximately EUR 26.2 billion. Deutsche Wohnen’s business focus is residential properties in Germany’s metropolitan areas with 74% of its portfolio located in Berlin.

Deutsche Wohnen has developed the Deutsche Wohnen Green Finance Framework (the “Framework”) under which it intends to issue green bonds, loans, and other debt-like instruments and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to reduce the carbon footprint of Deutsche Wohnen’s building stock. The Framework defines eligibility criteria in three green areas:

1. Green Buildings
2. Renewable Energy
3. Clean Transportation

Deutsche Wohnen engaged Sustainalytics to review the Deutsche Wohnen Green Finance Framework, dated March 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)¹ and the Green Loan Principles 2020 (GLP).² This Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the GBP, as administered by ICMA, and the GLP, as administered by LMA, APLMA and LSTA⁵;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.7.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Deutsche Wohnen’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Deutsche Wohnen representatives have confirmed (1) they understand it is the sole responsibility of Deutsche Wohnen to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Deutsche Wohnen.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>.

³ The Deutsche Wohnen Green Finance Framework is available on Deutsche Wohnen’s website at: <https://ir.deutsche-wohnen.com>.

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

⁵ In addition to the Loan Markets Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Deutsche Wohnen has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Deutsche Wohnen Green Finance Framework

Sustainalytics is of the opinion that the Deutsche Wohnen Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of Deutsche Wohnen's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy and Clean Transportation – are aligned with those recognized by the GBP and GLP.
 - The Framework defines a look-back period of 36 months for its capital expenditure for existing assets, which Sustainalytics considers to be in line with market practice.
 - Under the Green Buildings category, Deutsche Wohnen contemplates expenditures related to the acquisition, new construction, refurbishment and management of commercial and residential buildings.
 - Deutsche Wohnen intends to use reputable third-party certification schemes and standards to determine green building eligibility. The Framework specifies minimum standards of DGNB Gold, Energy Performance Certificate (EPC) B,⁶ or other equivalent certification. Furthermore, the Company may consider buildings that (i) have the NaWoh certification label or (ii) are in compliance with the requirements of the KfW 55 Standard.
 - Sustainalytics views the selected standards as robust and credible and the specified certification levels as aligned with market, and for projects eligible based on the NaWoh label additionally encourages the Company to fulfill the "übererfüllt" criteria.⁷ See Appendix 1 for assessment of the referenced certification schemes and standards.
 - For refurbished buildings, Deutsche Wohnen intends to invest in the renovation of existing buildings that lead to a 30% minimum improvement of primary energy demand compared to a baseline. Sustainalytics views favourably that the Framework defines a quantitative minimum threshold improvement and considers a 30% improvement to be aligned with market practice.
 - The Company's renovation activities may include the replacement of windows, insulation, as well as combined heat and power plants (CHP). The Framework specifies that fossil-related technologies are excluded from investments related to CHP plants.

⁶ Sustainalytics considers an EPC rating of B to be aligned with market expectations for residential properties in Germany, based on the share of properties covered by the level. EPC B is a recognized proxy for CBI Certification in Germany, see:

<https://www.climatebonds.net/standard/buildings/residential/calculator>, and ensures that a building is within the top 15% in energy performance.

⁷ In the regional context, meeting the Primary Energy Demand (PED) of 75 kWh/m²/y or less is generally considered aligned with market expectations under several recognised schemes, such as EPC B or higher.

- Within the Renewable Energy category, Deutsche Wohnen may invest in on-site renewable energy projects such as the installation of solar photovoltaic panels which Sustainalytics considers to be aligned with market practice.
- Clean Transportation expenditures may relate to infrastructure for electric vehicles including charging stations, smart meters, and energy management systems. As part of this category, Deutsche Wohnen also contemplates investments in the conversion of the Company's car fleet to electric vehicles. Sustainalytics considers investments in electric transportation to be aligned with market practice.
- Project Evaluation and Selection:
 - Deutsche Wohnen's project evaluation and selection process will be overseen by a Green Finance Committee (the "Committee") comprised of the Chief Finance Officer, the Chief Development Officer and representatives from the Asset Management, Corporate Finance/Treasury, Sustainability Management/CSR departments. The Committee will select eligible green projects in line with the Framework's eligibility criteria and approve reporting.
 - Based on the establishment of a dedicated committee and involvement from senior management, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Deutsche Wohnen's Corporate Finance department will be responsible for the management of proceeds which will be tracked using its internal system. The Company intends to fully allocate the net bond proceeds within 24 months after issuance of any financing transaction. Unallocated proceeds will be held in its treasury liquidity portfolio in cash or other short-term instruments or used to refinance outstanding debt.
 - Based on the disclosures around management processes and allocation timeframes, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Deutsche Wohnen intends to report on the allocation of proceeds as part of a dedicated Green Finance Investor report on its website on an annual basis until full allocation. Allocation reporting will include the proceeds allocated per category, type of funding instrument, number of properties, share of capital expenditure financing, existing buildings under management and the balance of unallocated proceeds.
 - In addition, the Company is committed to reporting on relevant impact metrics including the green building certificate levels, estimate of annual CO₂ emissions avoided and energy savings.
 - Based on these commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2020

Sustainalytics has determined that the Deutsche Wohnen Green Finance Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Deutsche Wohnen

Contribution of framework to Deutsche Wohnen's sustainability strategy⁸

Sustainalytics is of the opinion that Deutsche Wohnen demonstrates its commitment to sustainability through its focus on energy-efficient properties while maintaining cost-effectiveness and high housing quality.⁹ The Company has established a strategic sustainability programme that is built on five areas of action: (i) responsible corporate management, (ii) responsibility for the environment and climate, (iii) customer satisfaction and sustainable construction, (iv) responsibility for employees, and (v) responsibility towards society.⁹

In order to advance its commitment to sustainable construction, Deutsche Wohnen set strategic targets of EUR 300 million annual portfolio investments in building refurbishment as well as creation of new districts that achieve recognized certifications such as NaWoh or DGNB for up to 10,000 customers by 2025.⁹ In 2019, Deutsche Wohnen completed 24 residential units which received DGNB Platinum and 44 residential units that were awarded the NaWoh quality seal.

⁸ In drafting this section, Sustainalytics relied on Deutsche Wohnen's Sustainability Report published in 2019

⁹ Deutsche Wohnen, "Sustainability Report 2019", at:

As part of the Company's focus on its environmental impact, Deutsche Wohnen has outlined a goal to reduce CO₂ emissions from its operations by 20,000 tonnes annually, increase its reliance on renewable energy sources and accelerate energy efficiency through refurbishment of its property holdings.¹⁰ In 2019, to achieve these targets and to contribute to Germany's overall climate goals, the Company invested over EUR 50 million in climate protection focused on its building portfolio.¹⁰ This translated to a reduction of Deutsche Wohnen's carbon emissions by over 25,000 tonnes. At the end of 2020, 62% of the Company's building stock performed above the average energy efficiency of a German residential building.¹⁰

Sustainalytics is of the opinion that the Deutsche Wohnen Green Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds and/or loans issued under the Framework will be directed towards eligible projects that are anticipated to have positive environmental impact, as with any physical undertaking such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include, effluents and waste generated in construction, occupational health and safety and tenant protections.

Sustainalytics is of the opinion that Deutsche Wohnen is able to manage and/or mitigate potential risks through implementation of the following:

- During the building life cycle, the Company adheres to the requirements of recognized sustainability certification schemes such as NaWoh and DGNB through the development, planning, and construction stages, and includes relevant sustainability targets in its contracts or project agreements with external parties.¹¹ In addition, Deutsche Wohnen assesses the materials used by its suppliers, ensuring use of non-hazardous and/or sustainable construction materials. Waste disposal is carried out in accordance with the Company's Code of Conduct for Business Partners, through which Deutsche Wohnen requires its contractors to dispose of waste generated in construction in line with regulations, minimizing risk to people and the environment.¹¹
- Deutsche Wohnen's contracts are developed in alignment with Germany's Regulations on Contract Awards for Public Works. This includes requirements for contractors to take responsibility for and implement measures that ensure worker health and safety at construction sites.¹¹ For large scale construction projects, Deutsche Wohnen develops a dedicated health and safety plan supervised by an appointed health and safety coordinator. In addition to these measures, Deutsche Wohnen's Code of Conduct for suppliers requires compliance with applicable laws and avoid all forms of unethical or illegal working conditions.¹¹
- The Company promise to tenants which encapsulates its commitments to limiting the negative social impacts of the building activities. This includes protecting tenants from losing their apartments or experiencing rent increases due to these improvements. In this regard, Deutsche Wohnen recorded 343 cases where it partially or fully waived the right to increase rents arising from modernization under section 558 of the German Civil Code.¹²

Notably, the projects financed under the Framework will take place in Germany which is recognized as a Designated Country under the Equator Principles, indicating robust environmental and social governance legislation systems and institutional capacity.¹³

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Deutsche Wohnen has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on green buildings in Germany where the impact is specifically relevant in the local context.

¹⁰ Deutsche Wohnen, "Deutsche Wohnen publishes Sustainability Report 2019", at: <https://www.deutsche-wohnen.com/en/about-us/press-news/press-releases/deutsche-wohnen-publishes-sustainability-report-2019/>

¹¹ Deutsche Wohnen, "Code of Conduct for Business Partners", at: https://www.deutsche-wohnen.com/fileadmin/pdf/ueber-uns/unternehmen/DW_Code_of_Conduct_business-partners.pdf

¹² German Federal Ministry of Justice and Consumer Protection, "German Civil Code", available at: https://www.gesetze-im-internet.de/englisch_bgb/

¹³ Equator Principles, "Designated Countries", (2020), at: <https://equator-principles.com/designated-countries/>

Importance of Green Buildings in meeting Germany's climate goals

The building sector is responsible for around 40% of total energy consumption and 36% of CO₂ emissions in the European Union ("EU").¹⁴ Although 75% of the current building stock is considered energy inefficient, only around 1% of buildings undergo energy efficient renovation each year. Acceleration of current renovation activities is important as this has the potential to reduce both the EU's total energy consumption and emissions by 5% each.¹⁵ Improving the energy efficiency of the current building stock in combination with construction of new energy efficient buildings is important for achieving the EU's carbon neutral goal by 2050.¹⁶

As the most populous and one of the largest countries by land mass, Germany plays a key role in driving the EU's climate change goals. Buildings are responsible for 35% of Germany's total final energy consumption.¹⁷ Although the renovation rate is higher in the country than the European average, only 1.5% of Germany's building stock undergoes renovation annually.¹⁸ Recognizing the importance of the sector in meeting national climate change goals, the German Government has set a target for its building stock to be virtually climate-neutral by 2050.¹⁹ As part of this goal, Germany aims to reduce the building sector's emissions by 67% by 2030 compared to 1990 baseline levels.¹⁹ In order to achieve Germany's 2030 and 2050 goals, the heating of its buildings need to be supplied from renewable energy sources and existing buildings need to be made more energy-efficient.²⁰ These will require significant investments in energy efficiency, renewable energy, and green buildings.

Sustainalytics is of the opinion that Deutsche Wohnen's investments under the Framework are impactful, have the potential to reduce the environmental footprint of Germany's building sector and will contribute to achieving the short and long-term climate targets set by Germany and the EU as a whole.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds and loans issued under the Deutsche Wohnen Green Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations,

¹⁴ European Commission, "EU Science Hub: Buildings", at: <https://ec.europa.eu/jrc/en/energy-efficiency/buildings>

¹⁵ European Commission, "Energy Efficiency in Buildings", at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en

¹⁶ European Commission, "European Climate Law", (2020), at: https://ec.europa.eu/clima/policies/eu-climate-action/law_en

¹⁷ Federal Ministry for Economic Affairs and Energy, "Energy Transition in the Building Sector", at:

<https://www.bmwi.de/Redaktion/EN/Dossier/enhancing-energy-efficiency-in-buildings.html>

¹⁸ European Commission, "Building Stock Observatory", at: https://ec.europa.eu/energy/news/building-stock-observatory-new-database-european-building-stock-and-its-energy-performance_en?redir=1

¹⁹ Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "Climate Action Plan 2050", at: <https://www.bmu.de/en/topics/climate-energy/climate/national-climate-policy/greenhouse-gas-neutral-germany-2050/>

²⁰ Federal Ministry for Economic Affairs and Energy, "Energy Efficiency Strategy for Buildings", at: <https://www.bmwi.de/Redaktion/EN/Artikel/Energy/energy-efficiency-strategy-for-buildings.html>

		women, children, persons with disabilities and older persons.
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Conclusion




Deutsche Wohnen has developed the Deutsche Wohnen Green Finance Framework under which it will enter into financing transaction and use the proceeds to finance and/or refinance green buildings, renewable energy and clean transportation project that have environmental benefits. Sustainalytics considers that the projects funded by the net proceeds are expected to provide positive environmental impact.

The Deutsche Wohnen Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Deutsche Wohnen Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Deutsche Wohnen has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Deutsche Wohnen is well-positioned to enter into green financing transactions and that the Deutsche Wohnen Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020.

Appendices

Appendix 1: Certification schemes for Green Buildings

	DGNB	NaWoh	KfW 55
Background	The German Green Building Certification or DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.	The association for the promotion of sustainability in residential construction is responsible for awarding the quality seal. The quality seal for sustainable housing is awarded for new residential buildings that meet the criteria of the NaWoh rating system to building owners who have undergone a voluntary completeness and conformity check.	KfW Bankengruppe awards grants for the construction and renovation of buildings that meet certain energy efficiency standards. One of these standards is the KfW 55 standard.
Certification levels	<ul style="list-style-type: none"> • Bronze • Silver • Gold • Platinum 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A
Areas of Assessment	<ul style="list-style-type: none"> • Environment • Economic • Sociocultural and functional aspects • Technology • Processes • Site 	<ul style="list-style-type: none"> • Living quality • Technical quality • Ecological quality • Economic quality • Process quality 	<ul style="list-style-type: none"> • primary energy demand • transmission heat loss
Requirements	<p>Percentage-based performance index</p> <p>The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. The environmental, economic, socio-cultural and functional aspects and technical quality each account for 22.5% of the total, process accounts for 10% and the site quality is given a separate grade.</p>	<p>It is a one-level system that contains criteria to be assessed and described and which externally checks both the completeness of the description and compliance with minimum requirements.</p> <p>The lowest level of the Energy Criteria is fulfilled with PED of 105 kWh/m²/y, corresponding to what is prescribed by the German Energy Saving Ordinance (EnEV)</p>	<p>The Standard has three values (KfW 40, 40 plus and 55), which define the different KfW efficiency house standards. A KfW 55 house requires 55% of the primary energy compared to the reference building, and a KfW 40 and 40 plus requires 40% of the primary energy compared to the reference building.</p> <p>The reference building is a house KfW 100. This house complies with the requirements of the Energy Saving Ordinance (EnEV).</p>
Performance display			

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Deutsche Wohnen
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Deutsche Wohnen Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 17, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Green Buildings, Renewable Energy and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2020. Sustainalytics considers that investments in the eligible categories are expected to reduce the carbon footprint of Deutsche Wohnen’s building stock and advance the UN Sustainable Development Goals, specifically SDG 7, 9 and 11.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Deutsche Wohnen’s eligible projects will be evaluated and selected by a dedicated Green Finance Committee made up of the Chief Finance Officer, the Chief Development Officer, and representatives from the Asset Management, Corporate Finance/Treasury, and Sustainability Management/CSR departments. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Net proceeds will be managed by Deutsche Wohnen's Corporate Finance department. The Company intends to fully allocate proceeds within 24 months of issuance of financing transactions. Pending full allocation, proceeds will be held in cash or other short-term instrument or used to refinance outstanding debt. This is in line with market practice.

Tracking of proceeds:

- Green bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other *(please specify)*:

Additional disclosure:

- Allocations to future investments only
 Allocations to both existing and future investments
- Allocation to individual disbursements
 Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
 Other *(please specify)*:

4. REPORTING

Overall comment on section *(if applicable)*:

Deutsche Wohnen intends to report on the allocation of proceeds annually on its website until full allocation via a dedicated Green Finance Investor Report. Allocation reporting will include proceeds allocated per category, type of funding instrument and the number of properties. In addition, the Company is committed to reporting on relevant impact metrics. Sustainalytics views Deutsche Wohnen's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis

- Linkage to individual bond(s) Other (*please specify*):

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (*please specify*):

Frequency:

- Annual Semi-annual
- Other (*please specify*):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (*please specify*): Green building certificate levels

Frequency

- Annual Semi-annual
- Other (*please specify*):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (*please specify*): published on website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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