

Deutsche Wohnen Management Board and Supervisory Board advise shareholders not to accept the Vonovia's offer

- › Structure and value of offer is inadequate
- › Expected synergies are not achievable, disproportionate to transaction volume/costs
- › Significant discount on medium- and long-term value potential of the Deutsche Wohnen Group
- › Potential of stand-alone company is more promising, strong dilution of the portfolio and deterioration of profitability to be expected
- › Combination would lead to worse financing conditions of Deutsche Wohnen, tax loss carryforward would diminish significantly

Frankfurt am Main/Berlin, December 14, 2015. The Management Board and the Supervisory Board of Deutsche Wohnen today published their joint opinion pursuant to Sec. 27 of the German Securities Acquisition and Takeover Act (WpÜG) regarding Vonovia's voluntary public takeover bid.

The Management Board and the Supervisory Board are of the opinion that Vonovia's offer is not in the interest of Deutsche Wohnen, its shareholders or its employees. The two bodies are therefore advising the shareholders of Deutsche Wohnen to not accept Vonovia's offer.

The Management Board and the Supervisory Board base their recommendation on the following considerations in particular:

Unattractive from a financial perspective

- › The Management Board and the Supervisory Board consider the structure and value of the offer consideration to be inadequate. This position is supported by the advising banks, all of which conclude in their opinions that from a financial perspective the consideration is inadequate for the shareholders of Deutsche Wohnen.
- › In the view of the Management Board and the Supervisory Board, the consideration offered in no way reflects the medium- to long-term value potential of the Deutsche Wohnen Group; compared with this value potential, the consideration offered constitutes a significant discount.
- › The premium offered with the consideration on the stock price lies significantly below the premia paid for comparable transactions in the German residential real estate sector, and even signifies a discount against the median of analyst target share prices.
- › The Management Board and the Supervisory Board believe that only 25 percent of the synergies suggested by Vonovia may in fact be realized. In addition, the expected synergies are disproportionate to the transaction volume of EUR 14 billion. The synergies that the Management Board and the Supervisory Board believe can be realized are furthermore offset by dis-synergies, which ultimately could lead to negative effects.

Unattractive from a business perspective

- › The strategic focus of Deutsche Wohnen with respect to the portfolio and financing is highly distinct from the positioning of Vonovia. The Management Board and the Supervisory Board consider the strategic focus of the independent Deutsche Wohnen Group and its future prospects to be far more promising than those of Vonovia or those of the combined companies.
- › Based on the objectives and intentions presented by Vonovia in the Offer Document, the Management Board and the Supervisory Board are unable to identify how the offer and a possible consolidation of Deutsche Wohnen through Vonovia is supposed to improve the position of shareholders, employees, and tenants or the competitive position of Deutsche Wohnen.
- › Any implementation of the offer results in a dilution of the high-quality portfolio of Deutsche Wohnen that is focused on Core⁺ locations. Deutsche Wohnen shareholders who accept the offer, risk losing parts or all of the Deutsche Wohnen's current valuation premium because of this dilution.
- › The differentiated portfolio strategy focusing on metropolitan areas, combined with a high concentration and a highly efficient management organization, results in a higher profitability of Deutsche Wohnen, which in all likelihood would deteriorate inside the Vonovia organization.

Other negative effects

- › Moreover, a takeover would change Deutsche Wohnen's financing conditions for the worse. The recent refinancing measure by Vonovia shows that Vonovia can only refinance itself subject to much worse financial parameters than Deutsche Wohnen, and that Vonovia, in order to optimize its interest rate, accepts shorter terms and consequently a higher risk profile. Taking into account the expected downgrade of Deutsche Wohnen's credit rating, that would seriously impair Deutsche Wohnen's risk profile and thus increase its future financing costs.
- › Portions of Deutsche Wohnen's existing, significant tax loss carryforward would be lost, which could negatively impact the financial and operative development of Vonovia and Deutsche Wohnen permanently.
- › Finally, if the offer is accepted, the cash component results in a partial exit from the investor's investment into real estate; coupled with Vonovia's different risk profile with regard to the share component, the Deutsche Wohnen shareholder would lose all of its previous, sustainable value-creating investment in the event of acceptance of the offer.

The complete opinion of the Management Board and the Supervisory Board of Deutsche Wohnen is available on the company website under the following link: <http://ir.deutsche-wohnen.com>.

It is expressly noted that the reasoned opinion alone is binding. The information provided in this press release is not to be understood as an explanation or supplement to the statements in the opinion.

Die Deutsche Wohnen

Deutsche Wohnen is one of the leading listed real estate companies in Germany and Europe, with an operational focus on managing and developing its portfolio with an emphasis on residential properties. As of September 30, 2015 the inventory covers a total of 149,100 units, including 147,000 residential units and 2,100 commercial units. Deutsche Wohnen is listed on the MDAX of the German Stock Exchange and is currently listed with the key indices EPRA/NAREIT and GPR 100.

Important Note

This publication constitutes neither an offer to sell nor an invitation to purchase securities.

Insofar as this document contains forward-looking statements, these statements do not represent any facts and are identified by the words “become”, “expect”, “believe”, “estimate”, “intend”, “strive”, “assume” and similar phrases. Such statements express the intentions, opinions or current expectations or assumptions of Deutsche Wohnen and of the persons acting in concert with it. The forward-looking statements are based on current plans, estimates and forecasts which Deutsche Wohnen and the persons acting in cooperation with it have made to the best of their knowledge, but which do not claim to be correct in the future. Forward-looking statements are subject to risks and uncertainties, which are often very difficult to predict and usually do not lie within the sphere of influence of Deutsche Wohnen or the persons acting in concert with the company. It should be taken into account that actual results or performance to differ materially from those expressed or implied by the forward-looking statements.