Report of the Management Board of Deutsche Wohnen AG pursuant to Section 71 subsection 1 no. 8 clause 5, Section 186 subsection 4 clause 2 AktG regarding the exclusion of subscription rights when selling own shares pursuant to agenda item no. 6

Regarding agenda item no. 6, the Management Board has submitted a written report pursuant to Section 71 subsection 1 no. 8 clause 5 AktG and Section 186 subsection 4 clause 2 AktG on the reasons for the exclusion of shareholders' subscription rights in the context of the sale of own shares and the issue price. The report will be made available on the Company's website at http://www.deutsche-wohnen.com/html/2072.php from the time the General Meeting is called. It will also be available at the General Meeting. The report will be published as follows:

The Management Board and the Supervisory Board propose that the Management Board be authorised until 14 June 2015 to acquire own shares in the Company; the shares that are to be acquired on account of this authorisation together with other shares in the Company that the Company has already acquired and still owns must not constitute more than 10% of the share capital of the Company at the time that the resolution is adopted, *i.e.*, 8,184,000 shares.

Furthermore, the Management Board is to be authorised subject to the approval of the Supervisory Board to use the own shares acquired in accordance with this or an earlier authorisation via the stock exchange or by means of an offer to all shareholders or – in each case subject to the approval of the Supervisory Board – as follows, excluding shareholders' subscription rights:

First, the Management Board shall be authorised to offer the acquired own shares to third parties subject to the approval of the Supervisory Board as consideration, *inter alia*, within the scope of mergers or acquisitions of companies, parts of companies or participations, excluding shareholders' subscription rights. Experience shows that in the case of mergers with companies or acquisitions of companies or participations, shares in the Company are also regularly demanded as (partial) consideration. The proposed authorisation is intended to provide the Company with the flexibility required in order to quickly and flexibly take advantage of arising opportunities for mergers with companies and for the acquisition of participations by issuing shares in the Company without having to resort to the authorised capital [*genehmigtes Kapital*]. The proposed exclusion of shareholders' subscription rights takes this [fact] into consideration. If opportunities for such mergers or acquisitions of companies, parts of companies or participations in companies materialise, the Management Board will examine diligently whether it should exercise the authority to issue own shares while excluding subscription rights. It will do so if granting shares in Deutsche Wohnen AG is in the Company's interests. Only if these requirements are met will the Supervisory Board also grant its approval.

Second, the Management Board shall also be authorised to sell the acquired own shares in exchange for cash payments excluding shareholders' subscription rights – in cases other than in the context of mergers with companies or within the scope of acquisitions of companies, parts of companies or participations – outside of the stock exchange. A requirement for this is that the sale of the shares occurs in exchange for a cash payment at a price that does not substantially fall short of the quoted share price for the Company's shares of the same class and with the same terms of issue at the time of the sale. The legal basis for this simplified exclusion of subscription rights is Section 186 subsection 3 clause 4 AktG in conjunction with Section 71 subsection 1 no. 8 clause 5,

last half of the sentence AktG. Any discount with respect to the current quoted share price will probably not exceed 3%, but will in any case not exceed 5% of the quoted share price. Furthermore, the number of the shares that are to be sold must not exceed 10% of the Company's share capital registered at the time of the sale of the shares. Against this maximum limit, other shares are to be offset that were issued or sold during the term of the authorisation excluding shareholders' subscription rights pursuant to Section 186 subsection 3 clause 4 AktG applied directly or *mutatis mutandis*. Against this maximum limit of 10% of the share capital, the proportion of the share capital is thus to be offset that is attributable to those shares of the Company that have been issued during the term of the authorisation within the scope of a capital increase excluding shareholders' subscription rights in accordance with Section 186 subsection 3 clause 4 AktG applied directly; shares are also to be offset that are issued, were issued or are yet to be issued during the term of the authorisation excluding shareholders' subscription rights pursuant to Section 186 subsection 3 clause 4 AktG applied *mutatis mutandis* for the purpose of servicing bonds with warrants or convertible bonds or profit-participation rights with conversion or option rights. This authorisation is likewise intended to enhance the Company's flexibility. For instance, it should enable the Company to offer shares to financial or strategic investors, and in doing so achieve the highest possible sales price, and thus the strongest possible improvement for the Company's own resources, by setting a price that is close to the market. The Company can thus react to favourable situations on the stock market quickly and flexibly and generate a higher influx of funds than in the case of an offer to all shareholders including shareholders' subscription rights. Therefore, the proposed authorisation is in the Company's and its shareholders' interests. Since the sales price is determined along the lines of the quoted share price, the shareholders' interests are adequately protected. The shareholders have the possibility to maintain their relative participation by purchasing shares by way of the stock exchange.

Third, the Management Board is also to be authorised subject to the approval of the Supervisory Board to use the acquired own shares excluding shareholders' subscription rights to fulfil the Company's obligations from conversion and option rights and / or conversion obligations from convertible bonds or bonds with warrants and / or profit-participation rights or participating bonds (and / or combinations of such instruments) issued by the Company or by a company it controls or in which it holds a majority interest that include conversion or option rights or establish conversion obligations. The proposed authorisation is intended to enable the Company to avoid the creation of new shares from conditional capital [*bedingtes Kapital*] for the protection of the subscription rights of the creditors of the aforementioned financing instruments if the Company already possesses own shares. In particular, this is also in the shareholders' interest, because a dilution of the shareholders by issuing new shares is thereby avoided. If the Management Board exercises this authority, the shares shall be issued to the entitled persons in the issue amount stipulated in the terms of the respective convertible bond or bond with warrants and / or the profit-participation rights including conversion or option rights or the participating bond.

Fourth, the Management Board shall be authorised in the case of a sale of the own shares within the scope of an offer addressed to all shareholders of the Company to exclude shareholders' subscription rights for fractional amounts subject to the Supervisory Board's approval. The exclusion of subscription rights for fractional amounts facilitates a round subscription ratio and is required in order to make an offer of acquired own shares by way of an offer to buy, addressed to the shareholders, technically feasible. The available fractional amounts excluded from the shareholders' subscription rights are disposed of in the manner that is best for the Company, either by way of sale, via the stock exchange, or in other ways.

Fifth, the Management Board is also to be authorised subject to the approval of the Supervisory Board to exclude shareholders' subscription rights to the extent that the Company wishes to offer the own shares to the holders of the bonds with conversion or option rights or conversion obligations or warrants issued by the Company or by an associated company to the extent to which they would be entitled to participate in the offer after having exercised their conversion or option right or after the conversion obligation has been fulfilled. The Company is thereby to be enabled to offer holders of the aforementioned financing instruments anti-dilution protection that makes the financing instruments more attractive and thus promotes their successful issue and a higher inflow of funds to the Company.

The foregoing authorisations for the (i) issuance in return for non-cash contributions and (ii) sale in return for cash payments may only be used to the extent that the maximum exclusion of shareholders' subscription rights corresponds to not more than 20% of the Company's share capital outstanding at the time that this authorisation is exercised. (which corresponds to 16,368,000 shares given the current share capital). Against this maximum limit, the proportionate amount of the share capital is to be offset that is attributable to those shares that (i) have been issued during the term of the authorisation by way of capital increases in return for non-cash contributions excluding shareholders' subscription rights, (ii) have been issued or sold during the term of this authorisation excluding shareholders' subscription rights in accordance with Section 186 subsection 3 clause 4 AktG applied directly or *mutatis mutandis*, or (iii) were issued for the purpose of servicing convertible bonds or bonds with warrants or profit-participation rights or participating bonds (and / or combinations of such instruments) that include conversion or option rights or establish conversion obligations or that are yet to be issued in the event that the subscription rights are exercised in full or the conversion obligation is claimed. As a result, in addition to limiting the acquisition of own shares to 10% of the current share capital (corresponding to 8,184,000 shares), [the resolution] provides for a further limit regarding the options for using own shares that offer shareholders additional anti-dilution protection.

There are no concrete plans for exercising the authorisation for acquiring and selling own shares. The Management Board will report on any exercise of this authorisation in future General Meetings in accordance with Section 71 subsection 3 clause 1 AktG.

Frankfurt am Main, May 3rd, 2010

Michael Zahn	Helmut Ullrich
Chief Executive Officer	Chief Financial Officer