



**Deutsche Wohnen AG**  
**Frankfurt am Main**

(ISIN DE000A0HN5C6 / WKN A0HN5C)

**Subscription Offer**

The annual general meeting of Deutsche Wohnen AG (the “**Company**”) adopted a resolution on June 11, 2014, which was entered into the commercial register on August 6, 2014, authorizing the management board of the Company (the “**Management Board**”), subject to the approval of the supervisory board of the Company (the “**Supervisory Board**”), to increase the Company’s share capital by up to a total of EUR 85,000,000 by issuing up to 85,000,000 new ordinary bearer shares in one or more tranches against contribution in cash and/or contribution in kind until and including June 10, 2017 (Authorized Capital 2014).

In exercising this authorization, on May 20, 2015, the Management Board resolved, with the approval of the Supervisory Board on the same day, to increase the Company’s registered share capital from EUR 294,259,979 by up to EUR 42,166,532 to up to EUR 336,426,511 against contribution in cash through the issue of up to 42,166,532 new no par value bearer shares, each with a notional value of the Company’s share capital of EUR 1.00, with subscription rights for existing shareholders (the “**New Shares**”). The subscription rights will be offered to the shareholders in such a way that the New Shares may be acquired by one or more banks, to be appointed and mandated by the Management Board, with the obligation to offer them to the shareholders for subscription (indirect subscription right). The New Shares will carry full dividend rights from the fiscal year starting January 1, 2015.

Goldman Sachs International, London, United Kingdom (“**Goldman Sachs**”), UBS Limited, London, United Kingdom (“**UBS**”) and Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany (“**Deutsche Bank**”), and together with Goldman Sachs, UBS, the “**Joint Global Coordinators**” or “**Joint Bookrunners**”), Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany (“**Berenberg**”), DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Germany (“**DZ BANK**”), Kempen & Co N.V., Amsterdam, the Netherlands (“**Kempen & Co**”) and UniCredit Bank AG, Munich, Germany (“**UniCredit Bank AG**” and, together with Berenberg, DZ BANK and Kempen & Co, the “**Lead Managers**” and, together with the Joint Global Coordinators, the “**Underwriters**”), have agreed, pursuant to a placement agreement dated May 20, 2015 (the “**Placement Agreement**”), to offer the New Shares to the shareholders of the Company for subscription at a ratio of 7:1, subject to the terms set forth below under “*Important Notice*.” The Placement Agreement does not provide for a firm underwriting of the New Shares by any of the Joint Bookrunners and/or the Lead Managers.

The New Shares will be offered to shareholders for indirect subscription at a ratio of 7:1 at a subscription price for each New Share yet to be determined. Any unsubscribed New Shares can be placed in the market. Any such market placement should be conducted at the best possible price, but must be conducted at least at the subscription price.

The implementation of the capital increase is expected to be registered in the commercial register maintained by the local court (*Amtsgericht*) of Frankfurt am Main, Germany, on June 5, 2015.

The subscription rights (ISIN DE000A14KDW3/WKN A14KDW) attached to the existing shares of the Company, all of which are held in collective custody accounts, will be automatically booked by

Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, to the accounts of the participating banks based on the amount of shares held as of the evening of May 20, 2015.

Subscription rights are attached to all of the bearer shares of the Company with ISIN DE000A0HN5C6/WKN A0HN5C. Seven existing shares of the Company entitle the holder to subscribe for one New Share. The transfer of the New Shares to the shareholders that have exercised their subscription rights in the New Shares will be made by Deutsche Bank through the depositary banks.

To avoid exclusion from the exercise of their subscription rights, the Company requests that its shareholders exercise their subscription rights in the New Shares during the period

from May 21, 2015 up to and including June 3, 2015

through their custodian bank at the subscription agent listed below during regular banking hours (the “**Subscription Period**”). Subscription rights that are not exercised in a timely manner will lapse and be of no value. No compensation will be payable for subscription rights not exercised. The places of subscription are the German branch offices of

Deutsche Bank Aktiengesellschaft.

In accordance with the subscription ratio of 7:1, seven existing shares of the Company entitle the holder to subscribe for one New Share at the subscription price. The exercise of subscription rights is subject to the registration of the implementation of the capital increase in the commercial register and to the further restrictions set out in the section “*Important Notice*”.

The Company expressly brings to the attention of its shareholders that the subscription price will not have been determined at the time of the publication of this rights subscription offer (the “Subscription Offer”). The subscription price will only be determined during the second week of the Subscription Period, expected to be on or about May 27, 2015 (after close of trading), by means of the pricing mechanism set by the Management Board and the Supervisory Board, as described below under “*Subscription Price*”. The subscription price will be published immediately after pricing, expected to take place on or about May 27, 2015 as an ad hoc release over an electronic information system and on the Company’s website (<http://www.deutsche-wohnen.com>) as well as on the following business day in the German Federal Gazette (*Bundesanzeiger*).

Shareholders of the Company should note that the Company reserves the right to terminate the Subscription Offer, e.g., in case of deteriorating market conditions.

### **Subscription Price**

The subscription price per New Share is expected to be determined after close of trading on or about May 27, 2015, taking into account the volume-weighted average price for one bearer share of the Company on the electronic trading system XETRA on the Frankfurt Stock Exchange from the beginning of the Subscription Period on May 21, 2015, until close of trading on or about May 27, 2015, as shown on the financial information service Reuters (the “**VWAP**”), less a discount to be determined by the Management Board with the approval of the Supervisory Board. The size of the discount will take into consideration a discount for the dividend for fiscal 2014, to which the New Shares will not be entitled, an estimate of the volatility of the Company’s share price at the time of pricing, as well as market risks specific to the Company. The maximum subscription price will be EUR 23.50 per New Share. The New Shares are being offered exclusively for cash in the amount of the subscription price. All shareholders that participate in the capital increase will subscribe for the New Shares at the same price. The subscription price, as determined, must be paid at the latest on June 3, 2015.

**Shareholders that exercise their subscription rights prior to the publication of the subscription price do not know the subscription price at which the New Shares will ultimately be offered in the Subscription Offer and will therefore be subscribing for New Shares at an unknown subscription price. The Company thus recommends that its**

shareholders inform themselves of the subscription price once it has been determined prior to exercising their subscription rights. As described, the subscription price is expected to be determined by the Management Board, with the approval of the Supervisory Board, on or about May 27, 2015 (after close of trading). Shareholders should take into account that if they exercise their subscription rights, they may have committed to acquiring the shares of the Company at a higher price than would be possible for them through an acquisition on the market, due to the volatility of the Company's shares and a possible deterioration of market conditions.

### ***Trading in Subscription Rights***

The subscription rights (ISIN DE000A14KDW3/WKN A14KDW) for the New Shares will be traded during the period from May 21, 2015, up to and including June 1, 2015 (until about noon CEST), on the regulated market (*regulierter Markt*) (XETRA and XETRA Frankfurt Specialist) of the Frankfurt Stock Exchange. The Company has not applied for admission of the subscription rights to trading on any other stock exchange and does not intend to do so. The market price of the subscription rights depends, inter alia, on the development of the price of the Company's shares but it may show a significantly higher volatility than the price of the shares. No compensation will be paid for subscription rights not exercised. Upon the expiration of the Subscription Period, subscription rights not exercised will lapse and be of no value. The purchase of 7 subscription rights enables the exercise of the subscription right for the purchase of 1 whole New Share, i.e., 1 New Share may be purchased for 7 subscription rights. Commencing on May 21, 2015, the Company's existing shares will be quoted ex-subscription rights (*ex Bezugsrecht*) on the Frankfurt Stock Exchange.

Deutsche Bank may effect transactions to provide liquidity for fair and orderly subscription rights trading and other measures customarily undertaken in this regard, such as, in particular, purchasing and selling subscription rights to New Shares or undertaking hedging transactions in the Company's shares, subscription rights or corresponding derivatives. Such measures and hedging transactions may influence the stock price or market rate of the subscription rights and shares in the Company. However, there is no guarantee that active trading in the Company's subscription rights will develop on the Frankfurt Stock Exchange and that there will be enough liquidity during the period of subscription rights trading.

### ***Form and Certification of the New Shares***

The New Shares (ISIN DE000A14KDD3/WKN A14KDD) will be represented by a global share certificate, which will be deposited with Clearstream Banking Aktiengesellschaft. Under the Company's Articles of Association, shareholders are not entitled to have their shares evidenced by individual share certificates. Unless the Subscription Period is extended or the Subscription Offer is cancelled, the New Shares are expected to be made available by credit to the collective securities account from June 8, 2015, in the case of those subscribed for as part of the Subscription Offer and from June 8, 2015 that is, after the end of the Private Placement, for those acquired in the Private Placement, as described below under "*Placement of Unsubscribed New Shares/Private Placement*." The New Shares will be issued after the record date for the Company's annual general meeting to be held on June 12, 2015. As the record date is determinative for the right to participate and vote in the annual general meeting of the Company, the New Shares will not confer attendance or voting rights for the Company's annual general meeting to be held on June 12, 2015. The New Shares will not carry dividend rights for the fiscal year 2014. Apart from these exceptions, the New Shares hold the same rights as all other shares of the Company and do not convey any additional rights or advantages.

### ***Commissions charged by Custodian Banks***

The custodian banks may charge a customary commission in connection with the subscription of the New Shares.

## ***Admission to Trading and Listing of the New Shares***

The admission of the New Shares to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange is expected to be granted on June 5, 2015. Trading in the New Shares on the Frankfurt Stock Exchange is expected to commence on June 8, 2015. As the New Shares do not carry dividend rights for fiscal 2014, the New Shares will not be fungible with the Company's existing shares, which still carry full dividend rights for fiscal 2014, until the Company's existing shares start trading ex dividend rights for 2014, which is expected to be June 15, 2015. On that day, the ISIN of the New Shares will be changed to match the ISIN of the Company's existing shares (ISIN DE000A0HN5C6) and the New Shares will become fully fungible with the Company's existing shares and will be included in the existing quotation for the Company's existing shares on the Frankfurt Stock Exchange (ISIN DE000A0HN5C6/WKN A0HN5C). Until the day on which the New Shares and the Company's existing shares become fungible, trading in the New Shares may be less liquid than trading in the Company's existing shares.

## ***Placement of Unsubscribed New Shares/Private Placement***

The Joint Bookrunners will offer any New Shares not subscribed for as part of the Subscription Offer to qualified investors in the Federal Republic of Germany and other selected countries in an international private placement in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), as well as to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act at a price at least as high as the subscription price.

## ***Important Notice***

Prior to making a decision to exercise, purchase or sell subscription rights for the New Shares, shareholders and investors are advised to carefully read the securities prospectus dated May 20, 2015, for the public offering of the New Shares ("Prospectus") and to take particular note of the risks described in the "Risk Factors" section of the Prospectus and to consider such information when making their decision. In light of potentially high volatility of equity prices and the market environment, shareholders should inform themselves of the Company's current share price before exercising their subscription rights for the New Shares at the subscription price. As described above, the Company reserves the right to withdraw from the Subscription Offer, in particular, in the event of a deterioration of the market conditions.

The Joint Bookrunners are entitled to terminate the Placement Agreement or decide, together with the Company, to extend the period of the Subscription Offer under certain circumstances. These circumstances include, in particular, material adverse changes in the assets, financial condition or results of operations of the Company and its subsidiaries, material restrictions on stock exchange trading or banking activities, the outbreak or escalation of hostilities involving the Federal Republic of Germany, the United Kingdom, any other member state of the European Economic Area ("EEA") or the United States, the declaration of a national state of emergency by the Federal Republic of Germany, the United Kingdom, any other member state of the EEA or the United States or other catastrophes and crises that have or are expected to have material adverse effects on the financial markets. The Underwriters are further relieved from their obligations under the Placement Agreement if the implementation of the capital increase is not registered in the commercial register maintained by the local court (*Amtsgericht*) of Frankfurt am Main, Germany, by 1:00 p.m. CEST, June 6, 2015 and Goldman Sachs, UBS and Deutsche Bank in their capacity as Joint Bookrunners and the Company fail to reach an agreement on a later deadline.

If the Joint Bookrunners terminate the Placement Agreement or the Company withdraws from the Subscription Offer before the implementation of the capital increase has been registered in the commercial register, shareholders' subscription rights will lapse without compensation. In this case, the institutions brokering subscription rights trading will not reverse any transactions already completed with investors. Accordingly, investors who have acquired subscription rights through a stock exchange would suffer a complete loss in such case. However, if the Joint Bookrunners

terminate the Placement Agreement after the registration of the capital increase in the commercial register, shareholders and purchasers of subscription rights who have exercised their subscription rights will be entitled to acquire New Shares at the subscription price, a withdrawal of the shareholders and those acquiring subscription rights is no longer possible in such case.

### ***Selling Restrictions***

Neither the subscription rights nor the New Shares have been or will be registered under the Securities Act or with the securities regulatory authority of any State or other jurisdiction of the United States of America. The subscription rights and New Shares may at no time be offered, sold, exercised, pledged, transferred or delivered directly or indirectly, to or within the United States of America, except pursuant to an exemption from the registration requirements of the Securities Act or in a transaction not subject to the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any State of the United States of America.

### ***Stabilization***

In connection with the Offering of the New Shares, Deutsche Bank is acting as stabilization manager, and may, also through its affiliates, undertake measures, jointly determined with Goldman Sachs and UBS, aimed at supporting the market price of the Company's ordinary shares in order to offset any existing pressure to sell (the "**Stabilization Measures**"). However, the stabilization manager is under no obligation to initiate Stabilization Measures. Therefore, there is no guarantee that Stabilization Measures will be undertaken at all. If Stabilization Measures are initiated, they may be discontinued at any time without prior notice. Such Stabilization Measures may be implemented as of the date of publication of the subscription price and must end, at the latest, on the thirtieth calendar day following the expiration of the Subscription Period, *i.e.*, expected to be no later than July 3, 2015 (the "**Stabilization Period**").

Stabilization Measures may lead to a higher market price for the Company's shares or the subscription rights than would otherwise be the case. Furthermore, the market price may temporarily reach a level that cannot be maintained permanently. In no event will measures be taken to stabilize the market price for the Company's shares above the subscription price.

Within one week following the end of the Stabilization Period, notice will be given via a set of media within the meaning of Section 3a of the German Securities Trading Notification and Insider Register Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung – WpAIV*) as to (i) whether one or more Stabilization Measures were indeed taken, (ii) the date on which Stabilization Measures were initiated, (iii) the date on which the last Stabilization Measure was taken, and (iv) the price range within which Stabilization Measures were taken for each date on which a Stabilization Measure was taken.

### ***Availability of the Prospectus***

The Prospectus was published on the Company's website [www.deutsche-wohnen.com](http://www.deutsche-wohnen.com) (section: Investor Relations) on May 20, 2015. Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Deutsche Wohnen AG, Mecklenburgische Straße 57, 14197 Berlin, Germany.

Frankfurt am Main, May 20, 2015

**Deutsche Wohnen AG**  
**The Management Board**