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Corporate News

Deutsche Wohnen resolves cash capital increase in relation to successful signing of portfolio acquisitions and envisaged refinancing

- Rights issue in the amount of EUR 875 million to EUR 950 million to finance, among other things, the acquisition of c. 6,500 residential units with a purchase price of circa EUR 500 million
- Planned refinancing of c. EUR 1.5 billion
- Subscription ratio of 7:1 at a subscription price per share yet to be determined

Frankfurt/Main and Berlin, 20 May 2015. Today, the management board of Deutsche Wohnen AG ("Deutsche Wohnen"), with approval of the supervisory board, has resolved on a cash capital increase from its authorized capital, granting subscription rights to existing shareholders. The share capital of Deutsche Wohnen shall be increased by up to 42.2 million new shares through the issuance of new ordinary bearer shares with no-par value. The new shares carry full dividend entitlement from, and including, the fiscal year starting 1 January 2015.

The capital increase will primarily be used to finance the acquisitions of c. 6,500 residential units, which are predominantly located in Berlin with closing for the vast majority of these acquisitions expected to take place at the end of the first half of 2015. The total portfolio has an acquisition value of c. EUR 500 million and generates an annual net cold rent of c. EUR 25.6 million with a current vacancy of 2.6%. An annual EBITDA contribution of more than EUR 20 million is expected.

Additionally, Deutsche Wohnen aims to refinance EUR 1.2 billion of its financial liabilities that mature predominantly in 2018 and 2019 with new bank loans and potentially by issuing bonds in the debt capital markets with average maturities of around 10 years. The financial liabilities to be refinanced have an average interest rate of 3.4%. Further selected bank loans with higher interest costs in the amount of c. EUR 0.3 billion shall be repaid from its cash position. In total, Deutsche Wohnen intends to address financial liabilities of up to EUR 1.5 billion, reducing the pro forma LTV to below 45% and reducing the average interest rate to below 2%.

Andreas Segal, CFO of Deutsche Wohnen: "With the successful acquisition of attractive residential portfolios in Berlin, we consistently continue our acquisition strategy. In addition, we see attractive opportunities in the market to continue our growth strategy with selective acquisitions and will use a part of the proceeds from the capital increase for value enhancing growth. In addition, we will further optimize our capital structure with the capital increase and envisaged refinancing, and at the same time strengthen our FFO and cash-flow profile from 2015 onwards."

The new shares will be offered to the shareholders with a subscription ratio of 7:1 by way of an indirect subscription right at a subscription price per share yet to be determined. In accordance with the subscription ratio, 7 existing shares of Deutsche Wohnen entitle the holder to subscribe for 1 new share at the subscription price. The subscription period shall, subject to approval of the prospectus through the German Federal Financial Supervisory Authority (BaFin) and the publication of the approved prospectus, begin on 21 May 2015 and is expected to end on 3 June 2015. The subscription price as well as the final issuance volume will be decided by the management with approval of the supervisory board in separate resolutions. Shares not subscribed shall be placed as part of a private placement immediately after the end of the subscription period at a price not to be lower than the subscription price.

The subscription price per new share is expected to be set after close of trading on or about 27 May 2015 taking into account the volume weighted average price for the bearer shares of Deutsche Wohnen AG on the XETRA electronic trading system of the Frankfurt Stock Exchange from the beginning of the subscription period on 21 May 2015 until the end of trading on or around 27 May 2015, less a discount, to be determined by the management board with the approval of the supervisory board. The discount will take into consideration a discount due to the dividend to be paid for the fiscal year 2014, in which the new shares will not participate, an assessment of the volatility of the price of Deutsche Wohnen bearer shares

at the time of the price determination as well as Deutsche Wohnen specific market risks. Deutsche Wohnen reserves the right not to conduct the rights offering, particularly in case of negative market developments.

Deutsche Wohnen targets gross proceeds from the capital increase of EUR 875 million to EUR 950 million. The net proceeds will primarily be used for the refinancing of the signed portfolio acquisitions. The remainder shall be used primarily for potential further acquisitions as well as for the planned repayment of high interest bearing financial liabilities. Any remainder will be used for general corporate purposes.

The subscription rights (ISIN DE000A14KDW3/ WKN A14KDW) for the new shares shall, subject to approval and publication of the prospectus, be traded in the regulated market (XETRA and XETRA Frankfurt Specialist) of the Frankfurt Stock Exchange in the time between 21 May 2015 up to and including 1 June 2015 about 12:00 CEST. All shares that have already been issued by Deutsche Wohnen shall be quoted as "ex-subscription right" on the regulated market of the Frankfurt Stock Exchange, likely from 21 May 2015 onwards. Trading in the new shares on the regulated market of the Frankfurt Stock Exchange is expected to commence on 8 June 2015. The new shares are expected to be included into the quotation of the existing shares of the company after the annual general meeting from 15 June 2015 onwards.

Goldman Sachs, UBS Investment Bank and Deutsche Bank will act as Joint Global Coordinators and Joint Bookrunners with regard to the capital increase. Berenberg, DZ BANK, Kempen & Co and UniCredit have been mandated as Co-Lead Managers.

Deutsche Wohnen

Deutsche Wohnen is one of the largest publicly listed residential property companies in Germany and Europe with a business focus on managing and developing its portfolio, which focuses on residential properties. As at 31 March 2015 the portfolio comprised a total of 148,935 units, of which 146,850 are residential units and 2,085 commercial properties. Deutsche Wohnen is listed in the Deutsche Börse's MDAX and is also included in the leading indices EPRA/NAREIT and GPR 100.

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