



Deutsche Wohnen Aktiengesellschaft

Frankfurt am Main

ISIN DE0006283302 (German Securities No. (WKN) 628330)

ISIN DE000A0HN5C6 (German Securities No. (WKN) A0HN5C)

Invitation to the 2011 Annual General Meeting

The shareholders of our company are hereby invited to the

2011 Annual General Meeting

to take place at

Japan Center, Taunustor Conference-Center, Taunustor 2,
60311 Frankfurt am Main,

on

Tuesday, 31 May 2011

at 10.30 (CEST)

Disclaimer: This is a translation of the Invitation to and Agenda of the Annual General Meeting of Deutsche Wohnen Aktiengesellschaft. Only the German version of this document is legally binding on Deutsche Wohnen Aktiengesellschaft. This translation is provided to shareholders for convenience purpose only. No warranty is made as to the accuracy of this translation and Deutsche Wohnen Aktiengesellschaft assumes no liability with respect thereto.

I. Agenda

1. Presentation of the adopted annual financial statements and the approved consolidated financial statements as of 31 December 2010 by the Supervisory Board, the management reports for the Company and the Group as well as the report of the Supervisory Board for the 2010 financial year and the explanatory report of the Management Board on the disclosure pursuant to Section 289 para. 4 and para. 5, Section 315 para. 4 of the German Commercial Code (HGB) as of 31 December 2010.

The Supervisory Board has approved the annual financial statements and the consolidated financial statements prepared by the Management Board; the annual financial statements are therewith adopted. Therefore no resolution of the General Meeting on Item 1 of the Agenda is envisaged or necessary. Instead, the documents in questions only need to be made accessible to the General Meeting and the documents have to be explained by the Management Board or – in the case of the report of the Supervisory Board – by its chairman. As part of their right to information, the shareholders have the right to ask questions relating to the documents presented.

2. Resolution on the appropriation of the net profit available for distribution of Deutsche Wohnen Aktiengesellschaft of the 2010 financial year

The Management Board and the Supervisory Board propose the appropriating of the net profit available for distribution of €16,368,000.00 shown in the adopted annual financial statements as of 31 December 2010 as follows:

Distribution to shareholders:

Payment of a dividend of €0.20 per registered share or bearer share;

with 81,840,000 registered shares and bearer shares this amounts to € 16,368,000.00

Net profit available for distribution € 16,368,000.00

3. Resolution on the approval of the actions of the Management Board for the 2010 financial year

The Management Board and the Supervisory Board propose to approve the actions of the members of the Management Board holding office in the 2010 financial year for that financial year.

4. Resolution on the approval of the actions of the Supervisory Board for the 2010 financial year

The Management Board and the Supervisory Board propose to approve the actions of the members of the Supervisory Board holding office in the 2010 financial year for that financial year.

5. Resolution on the approval of the remuneration system of the Management Board members

The Law on the Appropriateness of the Management Board Compensation which came into effect on 05 August 2009 provides through Section 120 para. 4 German Stock Corporation Act (*AktG*) for the possibility that the General Meeting resolves on the approval of the remuneration system of the Management Board members. Use shall be made of this possibility at this General Meeting.

The present remuneration system for Management Board members of Deutsche Wohnen Aktiengesellschaft is set out in detail in the report on remuneration, which forms part of the documents presented in connection with Item 1 of the Agenda of this Annual General Meeting.

The Management Board and the Supervisory Board propose the following resolution:

The General Meeting adopts the existing remuneration system of the Management Board members of Deutsche Wohnen Aktiengesellschaft.

6. Election of the independent auditor for the year-end financial statements and the auditor of the consolidated financial statements and of the auditor for any audit of the interim financial report of the financial year 2011.

Upon the recommendation of its auditing committee, the Supervisory Board proposes to adopt the following resolution:

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart is appointed to audit the year-end financial statements and the consolidated financial statements and, if applicable, audit the interim financial report of the 2011 financial year.

7. Elections to the Supervisory Board

Pursuant to Section 95, Section 96 para. 1, Section 101 para. 1 of the German Stock Corporation Act (*AktG*) and Section 7 para. 1 of the Articles of Association, the Supervisory Board shall have six members to be elected by the shareholders. The General Meeting is not bound by nominations.

Dr. Jens Bernhardt resigned from the Supervisory Board of Deutsche Wohnen Aktiengesellschaft with effect from the end of 31 July 2010 pursuant to Section 7 para. 3 of the Articles of Association. Upon the application of the Management Board to the local court of Frankfurt am Main, Dr. Michael Leinwand, Bad Honnef, was appointed to the Supervisory Board pursuant to Section 104 para. 1, para. 2 sentence 2 and sentence 3 of the German Stock Corporation Act (*AktG*) with immediate effect as of 18 August 2010; his appointment will end at the latest upon the end of the General Meeting for the 2010 financial year.

The term of office of Dr. Florian Stetter as a member of the Supervisory Board will end when the General Meeting for the 2010 financial year ends. As a consequence, two new members are to be elected to the Supervisory Board.

In accordance with the No. 5.4.3 of the German Corporate Governance Code, it is intended to hold the elections to the Supervisory Board by way of an individual vote.

Against this background, the Supervisory Board proposes the following resolution:

The following persons are appointed to the Supervisory Board of Deutsche Wohnen Aktiengesellschaft for a term of office lasting until the end of the General Meeting that adopts a resolution on approval of their actions for the fourth financial year after the beginning of the term of office, not counting the financial year in which the term of office commences:

Dr. Michael Leinwand

Bad Honnef
Chief Investment Officer of Zürich
Beteiligungs-AG, Frankfurt am Main

Dr. Florian Stetter

Erding
Self-employed realtor

Positions

Supervisory Board
CalCon Deutschland AG, Munich

8. Creation of Authorised Capital 2011 with the possibility of excluding subscription rights and cancellation of the existing authorised capital as well as amendment of Section 4a of the Articles of Association.

Section 4a of the Articles of Association provides for an authorised capital that authorises the Management Board – with the approval of the Supervisory Board – to increase the share capital of the Company one or more times by a total of up to €3,600,000 by the issuance of up to 3,600,000 new ordinary bearer shares against contributions in cash or kind. This authorisation is only valid until 09 August 2011. The existing authorised capital shall be cancelled, a resolution on new authorised capital adopted and the Articles of Association amended correspondingly.

Thus the Management Board and the Supervisory Board propose the following resolution:

- a) **The Management Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital of the Company one or more times by a total of up to €40,920,000 on or before 30 May 2016 by issuing up to 40,920,000 new no-par value bearer shares against contributions in cash or contributions in kind (Authorised Capital 2011).**
- (1) Shareholders are to be granted a subscription right in principle. The shares may also be acquired by one or more credit institutions with the obligation to then offer them for subscription to the shareholders of the Company ('indirect subscription right'). However, the Management Board is authorised to exclude such shareholder's subscription right upon approval of the Supervisory Board for one or more capital increases within the framework of the authorised capital
- (i) in order to exclude fractional amounts from the subscription right;
 - (ii) to the extent necessary, to grant holders of conversion or option rights or creditors of convertible bonds with conversion obligations, that have been or will be issued by the Company or a directly or indirectly wholly owned affiliated company, a subscription right to new no-par value bearer shares, to the extent that such shareholders would be entitled to after having exercised their option or conversion rights or after any conversion obligation had been fulfilled;
 - (iii) in the case of capital increases against cash contributions if the issue price of the new shares is not materially lower, as defined by Section 203 para. 1 and para. 2, Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*), than the

stock exchange price of shares of the same category and terms already listed at the time the final issue price is set, and the amount of share capital that is accounted for by the new shares, excluding the subscription right pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*), does not in total exceed 10% of the share capital, namely either at the time it becomes effective or at the time this authorisation is exercised. Shares that were or will be issued in order to service warrant-linked or convertible bonds or profit participation rights with a conversion or option right shall count as part of the aforesaid to the extent these bonds are issued in a way that excludes the subscription right by analogous application of Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*). Further those treasury shares of the Company that were sold during the term of the authorised capital, excluding the shareholders' subscription right pursuant to Section 71 para. 1 No. 8 sentence 5, Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*), shall count towards the limitation of 10% of share capital;

(iv) as is necessary, to be able to issue shares to persons employed by the Company and/or its affiliates;

(v) to issue shares against contributions in kind in particular – but not limited thereto – for the purpose of (also indirect) acquisition of companies, parts thereof, participations in companies or of other assets in connection with an intended acquisition (in particular real estate portfolios or business interests in real estate companies) or to service convertible bonds and warrant-linked bonds as well as profit participation rights with a conversion or option right or a combination of these instruments that are issued against contributions in kind.

(2) The authorisations to exclude subscription rights set out in the above paragraphs shall not exceed a total amount of 20% of the share capital neither at the time that this authorisation takes effect nor at the time it is exercised. Furthermore, the following count towards the aforesaid 20% limitation: treasury shares that are sold during the authorisation period with exclusion of the subscription right as well as such shares that are issued to service bonds (including profit participation rights) with conversion and option rights or a conversion obligation (or a combination of these instruments), insofar as the bonds or profit participating rights were issued on the strength of the authorisation pursuant to Item 9 on the Agenda of the Annual General Meeting dated 31 May 2011 with exclusion of the shareholders' subscription right.

- (3) The Management Board shall be authorised, subject to the approval of the Supervisory Board, to determine the further content of share rights and the conditions of the share issue.

b) Section 4a of the Articles of Association of the Company ‘Approved Capital 2011’ shall be reworded as follows:

“Section 4 a

- (1) The Management Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital of the Company one or more times by a total of up to €40,920,000 on or before 30 May 2016 by issuing up to 40,920,000 new no-par value bearer shares against contributions in cash or contributions in kind (Authorised Capital 2011).
- (2) Shareholders are to be granted a subscription right in principle. The shares may also be acquired by one or more credit institutions with the obligation to then offer them for subscription to the shareholders of the Company (‘indirect subscription right’). However, the Management Board is authorised to exclude such shareholder’s subscription right upon approval of the Supervisory Board for one or more capital increases within the framework of the authorised capital
- (i) in order to exclude fractional amounts from the subscription right;
- (ii) to the extent necessary, to grant holders of conversion or option rights or creditors of convertible bonds with conversion obligations, that have been or will be issued by the Company or a directly or indirectly wholly owned affiliated company, a subscription right to new no-par value bearer shares, to the extent that such shareholders would be entitled to after having exercised their option or conversion rights or after any conversion obligation had been fulfilled;
- (iii) in the case of capital increases against cash contributions if the issue price of the new shares is not materially lower, as defined by Section 203 para. 1 and para. 2, Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*), than the stock exchange price of shares of the same category and terms already listed at the time the final issue price is set, and the amount of share capital that is accounted for by the new shares, excluding the subscription right pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*), does not in total exceed 10% of the share capital, namely either at the time it becomes effective or at the time this authorisation is exercised. Shares that were or will be issued in order to service warrant-linked or convertible bonds or profit participation rights with a conversion or

option right shall count as part of the aforesaid to the extent these bonds are issued in a way that excludes the subscription right by analogous application of Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*). Further those treasury shares of the Company that were sold during the term of the authorised capital, excluding the shareholders' subscription right pursuant to Section 71 para. 1 No. 8 sentence 5, Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*), shall count towards the limitation of 10% of share capital;

- (iv) as is necessary, to be able to issue shares to persons employed by the Company and/or its affiliates;
 - (v) to issue shares against contributions in kind in particular – but not limited thereto – for the purpose of (also indirect) acquisition of companies, parts thereof, participations in companies or of other assets in connection with an intended acquisition (in particular real estate portfolios or business interests in real estate companies) or to service convertible bonds and warrant-linked bonds as well as profit participation rights with a conversion or option right or a combination of these instruments that are issued against contributions in kind.
- (3) The authorisations to exclude subscription rights set out in the above paragraphs shall not exceed a total amount of 20% of the share capital neither at the time that this authorisation takes effect nor at the time it is exercised. Furthermore, the following count towards the aforesaid 20% limitation: treasury shares that are sold during the authorisation period with exclusion of the subscription right as well as such shares that are issued to service bonds (including profit participation rights) with conversion and option rights or a conversion obligation (or a combination of these instruments), insofar as the bonds or profit participating rights were issued on the strength of the authorisation pursuant to Item 9 on the Agenda of the Annual General Meeting dated 31 May 2011 with exclusion of the shareholders' subscription right.
- (4) The Management Board shall be authorised, subject to the approval of the Supervisory Board, to determine the further content of share rights and the conditions of the share issue.“
- c) **The existing authorisation to increase the share capital pursuant to Section 4a of the Articles of Association resolved by the General Meeting on 10 August 2006 and limited until 09 August 2011 shall be cancelled upon effectiveness of the new authorised capital.**
 - d) **The Management Board is instructed to file the cancellation of the authorised capital set forth in Section 4a of the Articles of Association, resolved under lit. c) above and of the**

new Authorised Capital 2011 resolved under lit. a) and lit. b) above, with the commercial register with the provision that the cancellation is to be entered only if the new Authorised Capital 2011 is registered immediately afterwards.

The Management Board is, subject to the above paragraph, authorised to file the Authorised Capital 2011 irrespective of the other resolutions adopted by the General Meeting with the commercial register.

9. Approval of a new authorisation to issue convertible bonds and/or warrant-linked bonds and/or profit participation carrying conversion and/or option rights (or a combination of these instruments) with the possibility of excluding the subscription right, creation of Conditional Capital 2011, cancellation of the existing authorisations to issue convertible bonds and/or warrant-linked bonds, cancellation of Conditional Capital I (Section 4b of the Articles of Association) and of Conditional Capital II (Section 4c of the Articles of Association) and corresponding amendment to the Articles of Association

By resolution adopted by the General Meeting, dated 10 August 2006, the Management Board was, subject to the approval of the Supervisory Board, authorised to issue one or more times convertible bonds and/or warrant-linked bonds as well as profit participation rights carrying an option or conversion right with a total nominal value of up to €500,000,000 on or before 09 August 2011. For the purpose of servicing the conversion rights and option rights, a Conditional Capital I of €10,000,000 was created (Section 4b of the Articles of Association) that has not been utilized up to the day on which the invitation to the General Meeting was published.

Furthermore, the Management Board was authorised by resolution of the General Meeting dated 17 June 2008 and upon approval of the Supervisory Board to issue one or more times convertible bonds and/or warrant-linked bonds as well as profit participation rights carrying an option or conversion right with a total nominal value of up to €65,000,000 on or before 16 June 2013. For the purpose of servicing the conversion rights and option rights, a Conditional Capital II of €2,700,000 was created (Section 4c of the Articles of Association) that has not been utilized up to the day on which the invitation to the General Meeting was published. The existing authorisations and the existing conditional capital (I and II) shall be cancelled and replaced by a new authorisation and a new conditional capital (Conditional Capital 2011).

The Management Board and the Supervisory Board propose the following resolution:

a) Authorisation to issue convertible bonds and/or warrant-linked bonds and/or profit participation rights carrying a conversion and/or option right (or a combination of these instruments)

aa) Nominal amount, term of authorisation, number of shares

The Management Board shall be authorised, subject to the approval of the Supervisory Board, to issue conversion bonds and/or warrant-linked bonds and/or convertible participation rights carrying option rights or conversion rights or a combination of these instruments (hereafter jointly referred to as “the bonds”) in bearer or registered form, one or more times on or before 30 May 2016, with a nominal amount of up to € 500,000,000 with or without definite maturity, and to grant the holders of the bonds conversion or option rights for the shares of the Company in proportionate amount of the capital stock of up to € 20,460,000 as set out in the respective terms and conditions of the warrant-linked bonds and convertible bonds or the terms and conditions of the participation rights (referred to collectively as “terms and conditions” in the following). The individual terms and conditions can also provide for compulsory conversions at the end of the term to maturity or at other times including the obligation to exercise the right of conversion/option right. Bonds can also be issued against contributions in kind.

In addition to issues in Euros, the bonds may also be issued in the legal currency of an OECD country – limited to the appropriate equivalent amount in Euros. The bonds may also be issued by companies dependent on the Company or in which the Company has a majority ownership; in such case the Management Board shall be authorised to issue a guarantee in respect of the bonds on behalf of the Company and to grant the holders of such bonds conversion or option rights, as applicable, on shares of the Company. In the context of issuances of bonds, and as a rule, they are sub-divided into pari-passu ranking debentures.

bb) Granting subscription rights, exclusion of subscription rights

Shareholders are to be granted a subscription right to acquire the bonds in principle. The bonds may also be acquired by one or several credit institutions provided that such institutions commit to offer them for subscription to the shareholders by means of an indirect subscription right pursuant to Section 186 para. 5 of the German Stock Corporation Act (*AktG*) (“indirect subscription right”). The Management Board shall, however, be authorised, upon the approval of the Supervisory Board, to exclude subscription rights of shareholders

(i) in order to exclude fractional amounts from the subscription right;

- (ii) to the extent necessary to grant subscription rights to holders of conversion or option rights or mandatory convertible bonds carrying conversion obligations and/or convertible participation rights, issued or to be issued by the Company or a wholly owned direct or indirect affiliate, to such an extent as such holders would be entitled to after having exercised their conversion or option rights or after any conversion obligations have been fulfilled;
- (iii) if the bonds are issued against payment in cash and the issue price is not significantly lower as defined by Section 221 para. 4 sentence 2, Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*AktG*), than the theoretical market value of the debentures as calculated using recognised finance-mathematical methods. This authorisation to exclude subscription rights shall only apply, however, to bonds carrying rights to receive shares corresponding to a proportionate amount of the capital stock not exceeding 10% in the aggregate, neither at the time on which this authorisation takes effect nor at the time this authorisation is exercised. The sale of treasury shares shall be counted towards this threshold if the sale occurs during the term of this authorisation and subscription rights are excluded pursuant to § 186 (3) sentence 4 of the German Stock Corporation Act (*AktG*). In addition, shares issued during the term of this authorisation from Authorised Capital shall be counted towards this threshold provided that subscription rights are excluded pursuant to § 186 (3) sentence 4 of the German Stock Corporation Act (*AktG*);
- (iv) the bonds are issued against contributions in kind, provided that the value of the contributions in kind is appropriate in relation to the market value of the bonds as calculated in accordance with the preceding paragraph (lit. a), bb), iii)).

The authorisation to exclude subscription rights set out in the above paragraphs shall not exceed 20% of the share capital neither at the time authorisation takes effect nor at the time that it is exercised. In addition, treasury shares that are sold during the term of this authorisation, excluding the subscription right, and those shares that were issued during the term of this authorisation arising from Authorised Capital 2011, excluding the subscription right of the shareholders, shall count towards the above 20% limitation.

cc) Conversion right, conversion obligation

If bonds carrying conversion rights are issued, the holders can convert their bonds into Company shares according to the terms and conditions of the bonds. The proportionate share in the capital stock of the shares to be issued upon conversion shall not exceed the nominal

value of the convertible bond or the convertible participation right. The exchange ratio shall be calculated by dividing the nominal value of the bond by the fixed conversion price for one share of the Company. The exchange ratio may also be calculated by dividing the issue price of the bond, which may be lower than its nominal value, by the fixed conversion price for one share of the Company. The exchange ratio may be rounded up or down to a whole number; in addition, a cash premium may be provided for. Also, it may be provided for that fractional amounts are to be combined and/or settled in cash. The terms and conditions of the bonds may also provide for a variable exchange ratio.

In case of a conversion obligation the terms and conditions of the bonds may entitle the Company to settle in cash, either in part or in whole, any difference between the nominal value of the convertible bonds or the convertible participation right carrying an option or conversion right and the result obtained from multiplying the exchange ratio and a stock market price of the shares at the time of the mandatory exchange (such price to be more closely defined in the terms and conditions of the bonds). The stock market price, in accordance with the calculation described in the previous sentence, shall amount to at least 80% of the relevant stock market price per share for the lower conversion price limit, pursuant to lit. ee) below.

dd) Option right

If warrant-linked bonds are issued, one or a number of warrants shall be attached to each bond entitling the bearer to purchase shares of the Company pursuant to the terms and conditions to be more closely defined by the Management Board. The proportionate share in the share capital constituted by the shares to be issued per bond may not exceed the nominal value of the bond carrying option rights.

ee) Conversion/option price

The conversion or option price, as applicable, per share must be equal to either at least 80% of the average closing prices of shares of Deutsche Wohnen Aktiengesellschaft in the Xetra-trading system (or any comparable successor system) over the ten trading days in Frankfurt am Main preceding the day on which the Management Board resolves to issue the bonds or at least 80% of the average closing price of Deutsche Wohnen Aktiengesellschaft shares in Xetra-trading (or any comparable successor system) over (i) the days on which the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days of the subscription rights trading period or (ii) the days as from the beginning of the subscription period until the final subscription price is determined.

Notwithstanding Section 9 (1) of the German Stock Corporation Act (*AktG*), the terms and conditions of the bonds may contain anti-dilution clauses to provide protection during the conversion or option period against the Company raising its capital stock, issuing additional bonds carrying conversion or option rights or convertible participation rights or granting or guaranteeing further option rights without granting the holders of conversion or option rights the subscription rights to which they would be entitled if they exercised their conversion or option rights or if the conversion obligation were fulfilled. The terms and conditions may also provide for a value-preserving adjustment of the conversion or option price if the Company implements other measures that might result in a dilution of the value of the conversion or option rights. The proportionate share in the share capital constituted by shares to be issued per bond may in no instance exceed the nominal value of the bond.

ff) Further structuring possibilities

The individual terms and conditions of the bonds may provide that treasury shares, shares out of the Company's authorised capital or any other performance be granted in the case of a conversion or exercise of option rights. Moreover, the terms and conditions may provide for the Company not to grant to holders of conversion or option rights shares in the Company, but to pay the equivalent amount in cash. The terms and conditions of the bonds may also provide for a variable number of shares to be granted upon exercise of the option or conversion rights or upon fulfilment of the conversion obligations, as applicable; or the terms and conditions may provide for a variable exchange ratio, and/or for an adjustment of the option or conversion price during the term of the bonds within a range to be determined by the Management Board to reflect the performance of the share price or as a result of anti-dilution clauses.

gg) Authorisation to set further terms and conditions of the bonds

The Management Board shall be authorised to determine (on its own or, if applicable, in agreement with the administrative bodies of the Group companies issuing the bonds) additional details related to the issue of the bonds and the terms and conditions of the bonds, particularly with respect to interest rate, issue price, and denomination, conversion or option price, and conversion or option period.

b) Conditional increase of capital

The share capital shall be conditionally increased by up to €20,460,000 by issuing up to 20,460,000 new no-par value bearer shares with dividend entitlement (Conditional Capital

2011). The conditional capital increase shall enable the issuance of shares to the holders of bonds issued pursuant to the authorisation referred to above.

The issue of the new shares shall be made on the basis of the conversion or option price determined pursuant to the authorisation referred to above. The conditional capital increase shall be carried out only to the extent that conversion or option rights granted under bonds are exercised or that conversion obligations of such bonds are fulfilled, and to such extent as the conversion or option rights or conversion obligations are not serviced through treasury shares or shares from authorised capital or other performance.

The new shares shall be entitled to dividends as of the beginning of the financial year in which they are created through exercise of conversion rights or option rights or in fulfilment of the conversion obligations; as a departure from the aforesaid, the Management Board may, insofar as this is legally permissible, decide, subject to the approval of the Supervisory Board, that the new shares provide for a dividend entitlement as of the beginning of the financial year for which the General Meeting had not yet passed any resolution on use of the net profit available for distribution at the time at which the conversion rights or option rights were exercised or the conversion obligations were met.

The Management Board shall be authorised to determine further details of the implementation of the conditional capital increase.

c) Cancellation of authorisations of 10 August 2006 and 17 June 2008 not utilised and corresponding cancellation of Conditional Capital I and Conditional Capital II

The existing authorisations, on the strength of resolutions adopted by the General Meeting on 10 August 2006 and 17 June 2008, to issue convertible bonds and/or warrant-linked bonds and the corresponding Conditional Capital I and Conditional Capital II pursuant to Section 4b and Section 4c of the Articles of Association shall be cancelled upon the new authorisation to issue convertible bonds and/or warrant-linked bonds and/or profit participation rights with an option right or conversion right (or a combination of these instruments) and the new Conditional Capital 2011 taking effect.

d) Amendment to the Articles of Association

- aa) Section 4 b and Section 4 c of the Articles of Association (Conditional Capital I and II) shall be cancelled on the basis of the cancellation of Conditional Capital I and Conditional Capital II.
- bb) In respect of Conditional Capital 2011 Section 4 b of the Articles of Association of the Company shall be redrafted as follows:

“Section 4 b

- (1) The share capital shall be conditionally increased by up to €20,460,000 by issuing up to 20,460,000 new no-par value bearer shares with dividend entitlement (Conditional Capital 2011).
- (2) The conditional capital increase shall be carried out only to the extent that the holders of conversion or option rights granted under bonds or holders of profit participation rights carrying conversion or option rights (or a combination of these instruments), which are issued on the strength of the General Meeting’s authorisation as of 31 May 2011 by Deutsche Wohnen Aktiengesellschaft, a dependent company or a company in which Deutsche Wohnen Aktiengesellschaft has a majority interest, are exercised or that conversion obligations of such bonds are fulfilled, and to such extent as the conversion or option rights or conversion obligations are not serviced through treasury shares or shares from authorised capital or other performance.
- (3) The new shares shall be entitled to dividends as of the beginning of the financial year in which they are created through exercise of conversion rights or option rights or in fulfilment of the conversion obligations; as a departure from the aforesaid, the Management Board may, insofar as this is legally permissible, decide, subject to the approval of the Supervisory Board, that the new shares provide for a dividend entitlement as of the beginning of the financial year for which the General Meeting had not yet passed any resolution on use of the net profit available for distribution at the time at which the conversion rights or option rights were exercised or the conversion obligations were met.
- (4) The Management Board shall be authorised to determine further details of the implementation of the conditional capital increase.”

e) **Entry in the commercial register, authorisation to amend the Articles of Association**

The Management Board is instructed to register the cancellation resolved under c) of Conditional Capital I and Conditional Capital II provided for in Section 4a and Section 4b of the Articles of Association and the new Conditional Capital 2011 resolved under b) with the proviso that the cancellation is registered first and that the new Conditional Capital 2011 is registered immediately afterwards.

The Management Board is, subject to the aforesaid paragraph, authorised to register Conditional Capital 2011 for entry in the commercial register independently of the other resolutions of the General Meeting.

10. Amendments to the Articles of Association

The following amendments to the Articles of Association shall be proposed to the General Meeting in order to ensure the working ability of the bodies of the Company and adjust the Articles of Association to the present status and size of the Group. Certain legal developments also give rise to the necessity for amendments to be made to the Articles of Association.

a) **Amendments to the Articles of Association to adjust the objective of the Company (Section 2 of Articles of Association)**

aa) The Management Board and the Supervisory Board propose the following resolution:

Section 2 of the Articles of Association shall be redrafted as follows:

“Section 2

- (1) The objective of the Company is the acquisition, administration, letting and management as well as the sale of residential property, nursing care facilities and other real estate. Real estate may be built, modernised and refurbished, services may be provided and co-operation in all forms undertaken.
- (2) The Company shall be entitled to be active in the fields listed above either itself or through subsidiaries or portfolio companies which objective applies entirely or partly to the fields of business of the Company. The Company shall also be entitled to found or acquire such companies; it shall be entitled to manage subsidiaries under joint management or limit itself to the administration of its participating interests or dispose of its interests. The Company shall be entitled to carry out all measures which may be connected with or which may be designed to serve the objective of the Company.

bb) Explanatory remarks:

The objective of the Company is defined in Section 2 para. 1 sentence 1 of the Articles of Association. The redefinition of the objective of the Company has become necessary due to the growing status and size of the Company and is designed to ensure that no business transaction within the scope of business activities of Deutsche Wohnen Aktiengesellschaft is restricted by means of the objective of the Company as set out in the Articles of Association.

b) Amendment of the Articles of Association regarding actions of the Management Board in the Group and scope of the Supervisory Board to ensure capacity to act (Section 5 para. 3 of Articles of Association)

aa) The Management Board and the Supervisory Board propose the following resolution:

The following shall be added after sentence 1 of Section 5 para. 3 of the Articles of Association:

“The Supervisory Board may determine that all or individual members of the Management Board of the Company may be authorized to represent the company alone. It may exempt all or individual members of the Management Board of the Company and executives holding a general power of attorney (*Prokuristen*), authorized to legally represent the Company jointly with a member of the Management Board, on a general basis or in an individual case from the ban on representing multiple parties pursuant to Section 181 2. Alt. BGB (German Civil Code in the following); Section 112 of the German Stock Corporation Act (*AktG*) shall not be affected.”

bb) Explanatory remarks:

The proposed amendment of the Articles of Association will authorize the Supervisory Board to empower members of the Management Board to represent the Company alone. Furthermore, the Supervisory Board will be authorized to cancel the ban on members of the Management Board and executives holding a general power of attorney, authorized to legally represent the Company jointly with a member of the Management Board, on representing multiple parties.

c) **Amendments to the Articles of Association to delete impositions of duties regarding privatisation in the Articles of Association (Section 6 of the Articles of Association)**

aa) The Management Board and the Supervisory Board propose the following resolution:

Section 6 of the Articles of Association shall be deleted. The numbering and designation of the sections and references in the Articles of Association shall be altered accordingly.

bb) Explanatory remarks:

Under Section 6 of the Articles of Association the Management Board is required to comply with certain impositions of duties regarding privatization. These obligations expired on 31 December 2008. In view of this the provision is no longer required.

d) **Amendment to the Articles of Association regarding the right of the Supervisory Board to reserve its consent (Section 9 paragraphs 2 and 3 of the Articles of Association)**

aa) The Management Board and the Supervisory Board propose the following resolution:

Section 9 para. 2 of the Articles of Association shall be redrafted as follows and para. 3 shall be deleted:

“(2) The Supervisory Board shall determine that certain types of business transactions of the Company and its dependent companies may only be conducted with its consent, in particular those that could fundamentally change the Company’s or the Group’s net assets, financial position or operating result. With regard to the risks exposures of the company, the Supervisory Board shall set suitable value limits or other limits for business transactions of this type which, should the amount in question be exceeded, require the Management Board to obtain the consent of the Supervisory Board.”

bb) Explanatory remarks:

Under Section 111 para. 4 of the German Stock Corporation Act (*AktG*), the Articles of Association or the Supervisory Board shall determine that certain types of business transactions may only be conducted with the consent of the Supervisory Board. It is the responsibility of the Supervisory Board to define the type of business transactions that require its consent. This to be made clear by the new version.

e) **Amendment to the Articles of Association regarding deletion of the severability clause (Section 14 of Articles of Association)**

aa) The Management Board and the Supervisory Board propose the following resolution:

Section 14 shall be cancelled.

bb) Explanatory remarks:

Following entry of the Company in the commercial register and deletion of Section 6 of the Articles of Association a severability clause is no longer necessary.

11. **Conclusion of a control agreement and profit and loss transfer agreement between Deutsche Wohnen Aktiengesellschaft and Deutsche Wohnen Zweite Fondsbeteiligungs-GmbH**

It is expected that Deutsche Wohnen Aktiengesellschaft ('controlling company' in the following) and Deutsche Wohnen Zweite Fondsbeteiligungs-GmbH ('controlled company' in the following) will enter into a control agreement and profit and loss transfer agreement in May 2011.

The Management Board and the Supervisory Board propose to approve the conclusion of this control agreement and profit and loss transfer agreement.

The agreement shall be as follows:

“Control Agreement and Profit and Loss Transfer Agreement

between

Deutsche Wohnen Aktiengesellschaft,

a stock corporation registered under the docket number 42388 with the commercial register of the local court in Frankfurt am Main ('controlling company' in the following),

and

Deutsche Wohnen Zweite Fondsbeteiligungs-GmbH,

a limited liability company registered under the docket number HRB 104832 with the commercial register of the local court in Frankfurt am Main ('dependent company' in the following).

Preamble

Deutsche Wohnen Aktiengesellschaft is the sole shareholder in Deutsche Wohnen Zweite Fondsbeteiligungs-GmbH, which shall transfer its profits to Deutsche Wohnen Aktiengesellschaft. The dependent company also wants to subordinate its management to the controlling company. Against this background, the contracting parties agree as follows:

§ 1

Management of the controlled company

- (1) The dependent company shall subordinate its management to the controlling company.
- (2) The controlling company is entitled to issue instructions to executives of the dependent company concerning the management of the dependent company. The dependent company shall follow these instructions.

§ 2

Transfer of profits

- (1) The dependent company undertakes, subject to para. 2, to transfer to the controlling company its entire net income for the year as it would be without the obligation to transfer profits, less, however, any loss carried forward from the previous year and the amount barred from distribution pursuant to Section 268 para. 8 of the German Commercial Code. The profit transferred may not exceed the amount named in the applicable version of Section 301 of the German Stock Corporation Act (*AktG*).
- (2) The dependent company may (with the approval of the controlling company) transfer parts of the net income for the year to the revenue reserve pursuant to Section 272 para. 3 of the German Commercial Code to the extent permissible under commercial law and economically justified if applying prudent business judgment. Other revenue reserves set up during the term of this agreement pursuant to Section 272 para. 3 of the German Commercial Code shall, at the request of the controlling company, be reversed and either used to offset any net loss for the year or transferred as profit.
- (3) The transfer of amounts from the reversal of other revenue reserves pursuant to para. 2 that were set up before this agreement came into force is excluded.
- (4) The transfer of amounts from reversal of capital reserves is excluded.

§ 3

Loss absorption

- (1) The controlling company shall offset any other net loss for the year incurred by the dependent company during the term of this agreement that said losses are not offset by amounts from free reserves that are set up during the term of the agreement.
- (2) The applicable version of Section 302 of the German Stock Corporation Act (*AktG*) shall apply.

§ 4

Consideration of the profit for the year

If the end of the financial year of the dependent company coincides with the end of the financial year of the controlling company, the profit of the dependent company to be taken over shall, nonetheless, to be taken into account in the annual financial statements of the controlling company for the same financial year.

§ 5

Term of agreement, termination

- (1) This agreement is concluded subject to the proviso of approval by the General Meeting of the controlling company and the Shareholders' General Meeting of the dependent company. The resolution of approval by the controlling company shall require notarisation.
- (2) The agreement shall come into force on the date of its entry in the commercial register responsible for the dependent company's registered office. The obligation to transfer profits shall apply to the entire profit for the first time as of the financial year in which the agreement became effective upon entry.
- (3) This Agreement may be terminated with six months' notice to the end of any given financial year, but not before the end of that financial year of the dependent company ending five calendar years following the beginning of the financial year in which the Agreement becomes effective. If the Agreement is not terminated, it is automatically renewed for a further financial year each time with the same conditions for termination applying.
- (4) This shall not affect the right of the parties to terminate this Agreement for due cause without notice.
- (5) Termination shall in all cases require the written form.

§ 6**Final provisions**

- (1) Any and all amendments and additions hereto shall require the written form.
- (2) Should any provision of this Agreement be or become invalid or unenforceable in full or in part, this shall not affect the validity, enforceability and implementation of the remaining provisions hereof. The parties shall replace any provision that is invalid or unenforceable by an effective and enforceable provision that comes as close as possible to the economic purposes of the invalid or unenforceable provision. The same shall apply *mutatis mutandis* in the event of any omissions in this Agreement hereto.
- (3) The place of performance is Berlin for both parties.”

The Management Board of Deutsche Wohnen Aktiengesellschaft and management of Deutsche Wohnen Zweite Fondsbeteiligungs-GmbH have drawn up a joint report pursuant to Section 293a of the German Stock Corporation Act (*AktG*); this report provides detailed explanations and reasoning for conclusion of the enterprise agreement from the legal and business points of view. An audit of the enterprise agreement pursuant to Section 293 b of the German Stock Corporation Act (*AktG*) was not necessary (para. 1 of the above Section 293 b).

II. Report by the Management Board on Agenda Items 8 and 9**Report by the Management Board on Agenda Item 8 (Creation of an Authorised Capital 2011 providing for the possibility to exclude subscription rights)**

With respect to Item 8 of the agenda for the General Meeting on 31 May 2011, the Management Board and the Supervisory Board propose to cancel the existing authorised capital in order to replace it with a new authorised capital (Authorised Capital 2011). Pursuant to Section 203 para. 1 sentence 1, in conjunction with Section 186 para. 4 sentence 2 of the German Stock Corporation Act (*AktG*), the Management Board hereby reports as follows with respect to Item 8 of the Agenda of the General Meeting about the reasons for the authorisation to exclude subscription rights of shareholders when issuing the new shares:

In Section 4 a, the Articles of Association provide for the creation of an authorised capital which authorises the Management Board to increase the share capital of the Company, subject to the approval of the Supervisory Board, one or more times, by up to EUR 3,600,000 in total by issuing up to 3,600,000 new ordinary bearer shares against cash contributions or contributions in kind. This authorisation is available only until 9 August 2011.

The new authorised capital proposed under Item 8.a) of the agenda for the General Meeting on 31 May 2011 (Authorised Capital 2011) is to authorise the Management Board to increase the share capital of the Company, subject to the approval of the Supervisory Board, one or more times, on or before 30 May 2016, by up to EUR 40,920,000 in aggregate by issuing up to 40,920,000 new ordinary bearer shares against cash contributions or contributions in kind.

The authorised capital is to enable the Company also in the future to raise the capital required for the continued development of its business from equity markets at short notice by issuing new shares and to be flexible enough to take advantage of a more favourable market environment quickly in order to meet a future financing requirement. Since decisions on meeting a need for capital usually have to be taken at short notice, it is important to ensure that, in this situation, the Company does not depend on the cycle of the General Meetings or on the long notice period for convening an extraordinary General Meeting. These factors have been allowed for by the legislator by providing the possibility to create an “authorised capital”.

If the Authorised Capital 2011 is used to issue shares against cash contributions, the shareholders in principle have a subscription right on such new shares (Section 203 para. 1 sentence 1 in conjunction with Section 186 para. 1 AktG), for which purpose an indirect subscription right within the meaning of Section 186 para. 5 AktG suffices. The issuance of shares with grant of such indirect subscription right is already by law not to be regarded as exclusion of subscription rights. Shareholders are ultimately granted the same subscription rights as would be granted to them in the event of a direct subscription. For handling reasons, only one or more credit institution(s) will be involved in the handling process.

However, the Management Board is to be authorised to exclude the subscription right in certain cases, subject to the approval of the Supervisory Board.

- (i) The Management Board is to be authorised, subject to the a of the Supervisory Board, to exclude the subscription right for fractional amounts. The object of this exclusion of subscription rights is to facilitate the handling of an issue on which the shareholders in principle have a subscription right because this makes it possible to achieve a technically practicable subscription ratio. The fractional amounts per shareholder are, as a rule, not high and therefore the dilution effect potentially resulting from this is also to be regarded as minor. By contrast, the amount of time and effort involved in an issue without such exclusion is much greater. The exclusion is therefore a means to make an issue more practicable and easier to launch. The new shares created from such unassigned fractions, which are excluded from the

subscription rights of shareholders, will be realised in the most favourable manner for the Company by selling them on the stock exchange or otherwise. For this reason, the Management Board and the Supervisory Board think that the possibility to exclude the subscription right is factually justified and, if weighed up against the interests of shareholders, also appropriate.

- (ii) Moreover, the Management Board is to be able, subject to the approval of the Supervisory Board, to exclude the subscription right if necessary in order to grant the holders of warrant-linked or convertible bonds a subscription right on new shares. Warrant-linked and convertible bonds provide in their terms of issue for a dilution adjustment which grants their holders a subscription right on new shares in future share emissions. They are thereby put into the same position as if they were already shareholders. To be able to provide for such a dilution adjustment for bonds, the subscription right of shareholders on these shares has to be excluded. This makes it easier to place the bonds and thus serves the interest of shareholders in ensuring that the Company has the optimum financial structure. Moreover, the advantage of excluding the subscription right in favour of the holders of bonds granting an option or conversion right or creating an option or conversion obligation is that, in the event that the authorisation is exercised, the option or conversion price does not need to be adjusted in accordance with the applicable terms of the bond for the holders of existing bonds granting an option or conversion right or creating an option or conversion obligation. This facilitates a greater inflow of funds and is thus in the interest of the Company and its shareholders.
- (iii) The subscription right can also be excluded in the event of cash capital increases if the shares are issued for an amount not materially lower than the stock exchange price (facilitated exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG).

The authorisation enables the Company to respond flexibly to capital market opportunities which may open up and to place the new shares at very short notice if need be, i.e. without the requirement for a subscription offer to be placed for a period of at least two weeks. The exclusion of the subscription right enables the Company to act very quickly and place the shares at a price close to the market price, i.e. without the discount that is usual in rights issues. This provides the basis for realizing the maximum possible amount and strengthening the Company's equity situation. The authorisation to exclude subscription rights through a facilitated procedure is

factually justified also by the fact that in many cases, a higher inflow of funds can be generated.

Such a capital increase must not exceed 10% of the share capital existing when the authorisation takes effect and when it is exercised. The proposal for resolution also provides for an inclusion clause. The maximum of 10% of the share capital to which this exclusion of subscription rights applies is to include all shares issued or to be issued, under exclusion of the subscription right, during the term of this authorisation in order to service bonds with conversion and/or option rights and/or a conversion obligation by analogous application of Section 186 para. 3 sentence 4 AktG. In addition, the sale of treasury shares is to be included if it takes place, under exclusion of the subscription right, during the term of this authorisation on the basis of an authorisation pursuant to Section 70 para. 1 No. 8 in conjunction with Section 186 para. 3 sentence 4 AktG.

For the exclusion of subscription rights to be facilitated, it is a mandatory requirement that the issue price of the new shares must not be materially lower than the stock exchange price. Any discount on the current stock exchange price will, in all likelihood, not exceed 5% of the stock exchange price. This also accommodates the need of shareholders for protection with regard to a dilution of the value of their shareholding. By fixing the issue price at close to the stock exchange price, it is ensured that the value of the subscription right for the new shares is practically reduced to zero. Shareholders have the opportunity to maintain their relative shareholding by purchasing additional shares at the stock exchange.

- (iv) Furthermore, it is intended to exclude the subscription right for shares with respect to shares to be issued to employees of the Company and/or its affiliates. By issuing employee shares, employees are to be given the opportunity to participate in the Company and its success. This tightens the ties of employees to the Company.
- (v) Apart from that, the subscription right can be excluded in the event of capital increases against contributions in kind. It is intended for the Company to also be able in the future to acquire companies, company divisions, shareholdings or any assets associated with such projects (including, without limitation, property portfolios and/or shares in property companies) or to respond to offers for acquisitions or mergers in order to increase its competitiveness, profitability and enterprise value. Another purpose of the exclusion of subscription rights is to service convertible and warrant-linked bonds as well as profit participation rights carrying conversion or

option rights which are issued against contributions in kind. Practice has shown that shareholders in attractive acquisition targets often have a strong interest – e.g. in order to exert a certain influence on the object of the contributions in kind – in acquiring (voting) ordinary shares in the company in return. Under the aspect of ensuring an optimum financial structure, another argument in favour of the possibility to satisfy the consideration not solely in cash but also in shares or solely in shares is that to the extent that new shares can be used as currency in acquisition transactions, the Company's liquidity can be saved, borrowing can be avoided and the seller(s) is/are given the opportunity to participate in any price appreciation potential in the future. This strengthens the Company's competitive position in acquisitions.

The possibility to use its own shares as currency in acquisition transactions thus gives the Company the requisite manoeuvring room to react quickly and flexibly in the event that such acquisition opportunities open up and enables it to acquire even larger entities against surrender of shares. It should also be possible to acquire assets (including, without limitation, property portfolios and/or shares in property companies) against shares under certain circumstances. For both purposes, the subscription right of shareholders has to be excluded. Since acquisitions of this kind often have to be undertaken at short notice, it is important that they are, as a rule, not resolved only by the General Meeting which takes place once a year. An authorised capital is needed to which the Management Board has quick access with the consent of the Supervisory Board.

The same applies *mutatis mutandis* for the servicing of conversion rights and obligations under convertible or warrant-linked bonds, profit participation rights with conversion or option rights (or any combination of such instruments) (collectively referred to as "bonds"), which are also issued for the purpose of acquiring companies, company divisions or shareholdings in companies on the basis of the authorisation granted by the resolution under Item 9 of the agenda. For this purpose, the new shares are issued against contributions in kind, either in the form of the Bond to be contributed or in the form of the contributions in kind made on the Bond. This allows the Company greater flexibility in servicing the conversion rights and obligations. The shareholders are protected by the subscription right they are entitled to if bonds with conversion rights or obligations are issued. Those cases in which the subscription right can be excluded with respect to bonds with conversion rights and obligations are explained in more detail in the report on Agenda Item 9. Offering bonds and/or profit participation rights with conversion or option rights in lieu of or

in addition to granting shares or cash payments may represent an attractive alternative which, due to the additional flexibility it provides, enhances the Company's competitive position in acquisitions.

If and when opportunities for mergers with or acquisitions of other companies or company shareholdings open up, the Management Board will examine thoroughly in each case whether it should exercise its authorisation to increase the capital by granting new shares. This includes, without limitation, examining the valuation ratio between the Company and the shareholding or company acquired and fixing the issue price of the new shares and the further terms of issue of the shares. The Management Board will do this only if it is convinced that the merger or acquisition of a company, company division or shareholding against grant of new shares is in the best interest of the Company and its shareholders. The Supervisory Board will give its requisite consent only if it is also convinced of this.

The authorisations set out in the foregoing paragraphs to exclude subscription rights are limited to a maximum total amount not exceeding 20% of the Company's share capital, neither at the time when such authorisation takes effect nor when it is exercised. The above mentioned 20% limit also includes treasury shares which are sold during the term of this authorisation under exclusion of the subscription right and those shares which are issued to service bonds (including profit participation rights) carrying conversion or option rights and/or a conversion obligation (or any combination of such instruments) if such bonds or profit participation rights were issued under exclusion of the subscription right of shareholders on the basis of the authorisation under Agenda Item 9 of the Annual General Meeting on 31 May 2011. This limitation at the same time limits the potential for a dilution of the voting rights of those shareholders whose subscription right is excluded. After weighing up all these circumstances, the authorisation for the exclusion of subscription rights within the limits described is necessary, suitable, reasonable and expedient in the interests of the Company.

If the Management Board exercises the authorisation in the course of a financial year, it will report this at the next Annual General Meeting.

Report by the Management Board on Agenda Item 9 (Authorisation to issue convertible and warrant-linked bonds and profit participation rights with conversion and option rights and creation of a new Contingent Capital 2011)

With respect to Item 9 of the agenda for the General Meeting on 31 May 2011, the Management Board and the Supervisory Board propose to cancel the existing authorisations to issue convertible and/or warrant-linked bonds and profit participation rights with conversion or option rights (or any combination of such instruments) and the corresponding Contingent Capitals I and II in order to replace them with a new authorisation and a new Contingent Capital 2011. Pursuant to Section 221 para. 4 sentence 2 in conjunction with Section 186 para. 4 sentence 2 AktG, the Management Board hereby reports as follows with respect to Item 9 of the Agenda of the General Meeting about the reasons for the authorisation to exclude subscription rights of shareholders when issuing the new shares:

By resolution of the General Meeting of 10 August 2006, the Management Board was authorised to issue, on or before 09 August 2011, subject to the consent of the Supervisory Board and in one or more tranches, warrant-linked or convertible bonds and profit participation rights with option or conversion rights in the aggregate nominal amount of up to EUR 500,000. In order to service the conversion and option rights, a Contingent Capital I in an amount of EUR 10,000,000 was created (section 4 b of the Articles of Association), which continues to exist in this amount until the day the notice convening the General Meeting is published.

By resolution of the General Meeting of 17 June 2008, the Management Board was also authorised to issue, on or before 16 June 2013, subject to the approval of the Supervisory Board and in one or more tranches, warrant-linked or convertible bonds and profit participation rights with option or conversion rights in the aggregate nominal amount of up to EUR 65,000,000. In order to service the conversion and option rights, a Contingent Capital II in an amount of EUR 2,700,000 was created (section 4 c of the Articles of Association), which continues to exist in this amount until the day the notice convening the Annual General Meeting is published. The existing authorisations and the existing Contingent Capitals are to be eliminated in order to be replaced with a new authorisation to issue convertible and/or warrant-linked bonds and profit participation rights with conversion or option rights (or any combination of such option rights) and a new contingent capital (Contingent Capital 2011).

To be able to make the best possible use of the range of available capital market instruments which represent conversion or option rights, it appears to be appropriate to fix the permissible issuing total in the authorisation at EUR 500,000,000. The contingent capital to be used to

satisfy conversion and option rights shall amount to EUR 20,460,000. This ensures that full use can be made of the scope of the authorisation. The number of shares required in order to satisfy option or conversion rights under a Bond with a certain issuing total depends, as a rule, on the stock exchange price of the Deutsche Wohnen share at the time the Bond is issued. If a sufficient amount of contingent capital is available, this ensures that the full scope of the authorisation can be used in issuing convertible or warrant-linked bonds.

An adequate amount of capital resources is a fundamental basis for the development of the Company. By issuing convertible and warrant-linked bonds (or any combination of such instruments), the Company will be able, depending on the market situation, to avail itself of favourable financing opportunities to provide the Company with capital at low current interest. By issuing profit participation rights with conversion or option rights, the interest rate may also be fixed along the lines, for instance, of the Company's current dividend. The conversion and option premiums generated inure to the benefit of the Company. Practice has shown that some financing instruments only become placeable by issuing option or conversion rights.

If warrant-linked or convertible bonds and profit participation rights with conversion or option rights are issued, the shareholders are generally to be granted a subscription right on such bonds (Section 221 para. 4 in conjunction with Section 186 para. 1 AktG). The Management Board may avail itself of the possibility to issue bonds to one or more credit institutions subject to the proviso that the bonds have to be offered to the shareholders in accordance with their respective subscription rights (known as indirect subscription right pursuant to Section 186 para. 5 AktG). This does not constitute a limitation on the subscription right of shareholders. Shareholders are ultimately granted the same subscription rights as would be granted to them in the event of a direct subscription. For handling reasons, only one or more credit institution(s) will be involved in the handling process.

- (i) However, the Management is to be authorised, subject to the approval of the Supervisory Board, to exclude the subscription right for fractional amounts. The object of this exclusion of subscription rights is to facilitate the handling of an issue on which the shareholders in principle have a subscription right because this makes it possible to achieve a technically practicable subscription ratio. The fractional amounts per shareholder are, as a rule, not high and therefore the dilution effect potentially resulting from this is also to be regarded as minor. By contrast, the amount of time and effort involved in an issue without such exclusion is much greater. The exclusion is therefore a means to make an issue more practicable and easier to launch. For this reason, the Management Board and the Supervisory Board think that the

possibility to exclude the subscription right is factually justified and, if weighed up against the interests of shareholders, also appropriate.

- (ii) Furthermore, the Management Board is to be authorised, subject to the approval of the Supervisory Board, to exclude the subscription right of shareholders to grant the holders of conversion or option rights or to the creditors of convertible bonds with conversion obligations (or to the creditors of profit participation rights with conversion obligations) a conversion right within the same scope as they would be entitled to after exercising their conversion or option rights or after complying with a conversion obligation. This gives the Company the opportunity to grant a subscription right to the holders of option or conversion rights already existing or to the creditors of convertible bonds with conversion obligations (or to the creditors of profit participation rights with conversion obligations) as protection against dilution rather than having to reduce the option or conversion price. It is common practice in the market to provide convertible bonds with this kind of protection against dilution.
- (iii) Furthermore, by analogous application of Section 186 para. 3 sentence 4 AktG, the Management Board shall to be authorised, subject to the approval of the Supervisory Board, to exclude this subscription right in the event that shares are issued against cash contributions if the issue price of the bonds is not materially lower than their market price. This may be useful to be able to take advantage of favourable stock market opportunities quickly and place a Bond in the market quickly and flexibly. Stock markets have become much more volatile. Consequently, whether satisfactory issue proceeds can be realised depends more and more on the ability to react promptly to developments in the market. Favourable conditions which are as far as possible close to market conditions can, as a rule, be offered only if the Company is not bound by them for too long an offering period. To ensure the prospects of success for a rights issue over the entire offering period, it is, as a rule, necessary to deduct a considerable safety margin. Although Section 186 para. 2 AktG allows for the issue price (and thus, in the event of warrant-linked and convertible bonds, the terms of such bonds) to be published by the third-to-last day of the subscription period. However, given the volatility of the stock markets, even then there is a market risk over several days which results in safety margins being deducted in determining the terms of such bonds and, as a consequence, the terms being not as close to market conditions. In addition, if a subscription right is granted, an alternative placement with third parties is more difficult or involves more effort because of the uncertainty as to whether and when it is exercised (subscription behaviour). Lastly, if a

subscription right is granted, the Company is unable due to the duration of the subscription period to respond to changing market conditions promptly, which may mean for the Company that it has to raise capital at less favourable conditions.

The interests of shareholders are protected by the fact that the bonds are issued at a price not materially below their market price. Their market value has to be determined according to generally acknowledged methods of financial mathematics. In determining prices, the Management Board will, taking into account the situation on the capital market as it then stands, keep the deduction on market prices as low as possible. As a result, the arithmetic value of a subscription right will practically be almost zero, and consequently no material economic disadvantage can be caused to shareholders by the exclusion of subscription rights.

Terms can also be fixed to suit market conditions and thus to avoid any material dilution if the Management Board uses a so-called book-building process. This is a process in which investors are asked to submit purchase orders on the basis of preliminary bond terms, indicating in each case, for instance, the interest rate they would consider appropriate and/or other economic factors. Once the book-building period has expired, the terms that are still open by then, e.g. the interest rate, will be fixed on the basis of the purchase orders submitted by investors in accordance with market conditions and supply and demand. This ensures that the total value of the Bond is determined close to market conditions. Such a book-building process enables the Management Board to ensure that the value of the shares is not materially diluted by the exclusion of subscription rights.

Moreover, shareholders can maintain their shareholding in the Company's share capital on almost identical terms by purchasing additional shares at the stock exchange. Their pecuniary interests are duly protected thereby. The authorisation to exclude subscription rights pursuant to Section 186 para. 3 sentence 4 AktG applies only for bonds with rights to subscribe to shares which do not in the aggregate exceed 10% of the share capital, neither at the time this authorisation is granted nor when it is exercised.

This limit includes treasury shares which are sold during the term of this authorisation under exclusion of the subscription right pursuant to Section 186 para. 3 sentence 4 AktG. Furthermore, this limit includes those shares which are issued during the term of this authorisation out of authorised capital under exclusion of the subscription right pursuant to Section 186 para. 3 sentence 4 AktG. This is done to accommodate the

interest of shareholders in having their shareholding diluted to the minimum extent possible.

- (iv) bonds may also be issued against contributions in kind if this is in the interests of the Company. In this event, the Management Board is authorised, subject to the approval of the Supervisory Board, to exclude the subscription right of shareholders if the value of the contributions in kind is in reasonable proportion to the theoretical market price of the bonds, which is to be determined according to generally acknowledged methods of financial mathematics. In order to determine their value, the Company will, as a rule, obtain a valuation report from a reputable investment bank or auditing firm which confirms that the issue price is not materially lower than their value. This makes it possible to use the bonds also in individual cases, where appropriate, as currency in acquisition transactions, e.g. in connection with the acquisition of companies, shareholdings in companies or other assets. Practice has shown that, in many cases, it is necessary in negotiations to offer the remuneration not in cash but also or solely in other form. Consequently, the possibility to offer bonds as consideration gives the Company an advantage in the competition for attractive acquisition targets and the requisite manoeuvring room to take advantage of any opportunities which may open up to acquire even larger companies, company shareholdings or other assets while preserving its liquidity. This may also be useful under the aspect of ensuring an optimum financing structure. The Management Board will in examine thoroughly in each case whether it should exercise its authorisation to issue bonds (or profit participation rights) with conversion or option rights against contributions in kind while excluding subscription rights. It will do so only if this is in the interests of the Company and thus of its shareholders.

The purpose of the proposed contingent capital is to service the conversion or option rights issued with the bonds or to comply with conversion obligations on shares of the Company. Alternatively, the conversion or option rights or conversion obligations can also be serviced by supplying treasury shares of the Company or shares out of the authorised capital or by other forms of performance.

The authorisations set out in the foregoing paragraphs to exclude subscription rights are limited to a maximum total amount not exceeding 20% of the Company's share capital, neither at the time when such authorisation takes effect nor when it is exercised. The above mentioned 20% limit also includes treasury shares of the Company which are sold during the term of this authorisation under exclusion of the subscription right and those shares which are issued out of the Authorised Capital 2011 during the term of this authorisation, under

exclusion of the subscription right of the shareholders. This threshold at the same time limits the potential for a dilution of the voting rights of those shareholders whose subscription right is excluded. After weighing up all these circumstances, the authorisation for the exclusion of subscription rights within the limits described is necessary, suitable, reasonable and expedient in the interests of the Company.

The Management Board will in each case report at the next Annual General Meeting on its exercise of the authorisation to issue bonds.

Total number of shares and voting rights at the time the General Meeting is convened

At the time the General Meeting is convened, the share capital of the company is EUR 81,840,000 divided into 81,840,000 no-par value individual shares. Each ordinary share grants one vote in the ordinary General Meeting. The total number of shares and voting rights at the time of convention is 81,840,000. At the time of convention, the company does not hold treasury shares.

Participation in the General Meeting and exercise of the voting rights

Participation of bearer shareholders

Only those bearer shareholders who have registered in time will be entitled to participate in the General Meeting and to exercise a voting right. Therefore, the company must have received the registration by midnight Tuesday 24 May 2011, at the following address

Deutsche Wohnen Aktiengesellschaft

c/o Computershare HV-Services AG

Prannerstraße 8

80333 München

Fax: +49 (0) 89 30903 – 74675

E-mail: anmeldestelle@computershare.de

and the bearer shareholders must have furnished special proof of share ownership to the company that they have been shareholders of the company at the beginning of Tuesday 10 May 2011 (i.e. 0.00 am) (evidence deadline). To prove share ownership, it is sufficient to provide a special proof of share ownership issued by the custodian bank.

Like the registration, the proof of share ownership must have been received by the company at the address given above by midnight Tuesday 24 May 2011. Registration and proof of

share ownership must be submitted in writing (Section 126 b of the German Civil Code) and in German or English.

For more information about the registration procedure see <http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html>.

Significance of the evidence deadline

In relation to the company, only those persons are regarded as shareholders for the purpose of participating in the General Meeting and exercising a voting right who have furnished the special proof of share ownership. The entitlement to participate and the extent of the voting right are determined exclusively on the basis of share ownership at the evidence deadline date. The evidence deadline does not mean a prohibition to sell shares. Even if a shareholder sells some or all of its shares at any time after the evidence deadline, its share ownership at the evidence deadline date will still be the only criterion for its entitlement to participate and the extent of its voting rights, i.e. any disposal of shares after the evidence deadline date will not have any effect on the entitlement to participate and the extent of voting rights. This applies by analogy to any acquisition of shares after the evidence deadline date. Any person not owning shares before the expiry of the evidence deadline and becoming a shareholder only afterwards will be entitled to participate and vote with the shares held by it only based on a power of attorney or authorisation to exercise a voting right.

The managing board has not exercised the option to allow postal voting provided for in the Articles of Association.

Participation of registered shareholders

Only those registered shareholders who are registered in the share register and have registered for participation in time will be entitled to participate in the General Meeting and to exercise a voting right. Therefore, the company must have received the registration by midnight Tuesday 24 May 2011, at the following address

Deutsche Wohnen Aktiengesellschaft

c/o Computershare HV-Services AG

Prannerstraße 8

80333 München

Fax: +49 (0) 89 30903 – 74675

E-mail: anmeldestelle@computershare.de

in writing (Section 126 b of the German Civil Code) in German or English.

In relation to the company and in accordance with Section 67 para. 2, first sentence, of the German Stock Corporation Act (*AktG*), only those persons who are registered as shareholders in the share register are regarded as shareholders. Accordingly, the actual entry in the share register at the day the General Meeting is held will be decisive with regard to the right to participate and the number of voting rights a person entitled to participate will have at the General Meeting. During the six days immediately before the day of the General Meeting and on the day the General Meeting is held, no deletion, new entry or change will be made in the share register (Article 10 para. 5 of the articles of association). This means that in the time from Wednesday 25 May 2011 to and including Tuesday 31 May 2011 no changes will be made to the share register. As a consequence, the state of the share register on the day of the General Meeting will be the same as after the last change which may be made on Tuesday 24 May 2011.

Banks and associations of shareholders and any person or association equated to them under Section 135 of the German Stock Corporation Act (*AktG*) may exercise the voting right for shares which they do not own but as the holder of which they are registered in the share register only based on an authorisation. For details regarding such authorisation see Section 135 of the German Stock Corporation Act (*AktG*).

Further information on the registration procedure is provided in the registration and power of attorney form sent to the shareholders and at <http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html>.

Share transactions are not blocked by a registration to participate in the General Meeting. Therefore, shareholders are free to dispose of their shares even after registration. However, as in relation to the company only a person who is registered in the share register on the day the General Meeting is held will be regarded as a shareholder (see above), any disposal may have an effect on the shareholder's right to participate and right to vote.

The managing board has not exercised the option to allow postal voting provided for in the Articles of Association.

Authorisation of proxies for exercising voting rights or participation

Shareholders may have their voting and other rights exercised by an authorised proxy, e.g. a bank, an association of shareholders or any other third party, if they grant an appropriate power of attorney. Timely registration of the shareholder and, in the case of bearer

shareholders, timely proof of share ownership, or, in the case of registered shareholders, entry in the share register, as described above, are required also where a shareholder is represented.

Any granting or revocation of a power of attorney and proof of authorisation to the company require written form if neither a bank nor an association of shareholders nor any other institution or person equated to them under Section 135 para. 8 and 10 of the German Stock Corporation Act (*AktG*) is authorised to exercise the voting rights.

If any power to exercise a voting right is granted to a bank or any institution or enterprise equated to a bank (under Sections 135 para. 10 and 125 5 of the German Stock Corporation Act (*AktG*)) or an association of shareholders or any person within the meaning of Section 135 para. 8 of the German Stock Corporation Act (*AktG*), then there is no written form requirement but the authorised party must record the delegation of authority in a verifiable manner. Moreover, the delegation of authority must be complete and only contain statements which refer to the exercise of voting rights. We therefore advise shareholders wishing to authorise a bank, a shareholders' association or any other equivalent institute, entity or person pursuant to § 135 German Stock Corporations Act to confer with the proxy regarding the form that the power of attorney should take.

If a shareholder authorises more than one person, the company is entitled to reject one or several of them.

Shareholders wishing to authorise a proxy are kindly requested to use the form provided by the company for this purpose to grant the power of attorney. The power of attorney form will be provided by the company together with the registration documents (registered shareholders) or, after registration, together with the admission ticket (bearer and registered shareholders). In addition, a power of attorney form is provided for downloading at <http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html>.

Proof of appointment of an authorised proxy may be sent to the company at the following e-mail address: DWAG-HV2011@computershare.de.

Furthermore, the company offers its shareholders an option to authorise employees appointed by the company to vote as proxies bound by instructions. Such authorisation with instructions for the proxies as how to vote can only be granted before the General Meeting using the power of attorney and instruction form which the shareholders receive together with the admission ticket to the ordinary General Meeting. The form is also available for downloading at

<http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html>.

The proxies must be authorised and instructions must be given to them by Monday 30 May 2011, noon, in writing. Notice of authorisation of and instructions to the voting representatives appointed by the company must be given exclusively to the following address by mail, fax or e-mail:

Deutsche Wohnen Aktiengesellschaft

c/o Computershare HV-Services AG

Prannerstraße 8

80333 München

Fax: +49 (0) 89 30903 – 74675

E-mail: DWAG-HV2011@computershare.de

Other rights of the shareholders

Requests by shareholders to add items to the agenda

Shareholders whose shares amount in aggregate to no less than one-twentieth of the share capital or represent a proportional amount of no less than €500,000 may requisition items to be included on the published agenda for decision by the General Meeting. Grounds or a proposal for a resolution must be attached to every item.

Any requisitions must be received in writing by the company no later than 30 days prior to the meeting; the day of receipt and the day of the General Meeting are not counted. The latest possible day on which requisitions will be accepted is therefore midnight Saturday 30 April 2011. Any requisitions received after that date will not be entertained.

Any requisitions for addition of an item to the agenda must be sent to the following address:

Deutsche Wohnen Aktiengesellschaft

Vorstand

Attn. Mr. Dr. Carsten Hofmann

Mecklenburgische Straße 57

14197 Berlin

Counter-motions by shareholders

Each shareholder has the right to submit a counter-motion at the General Meeting against proposals put forward by the executive board and/or supervisory board regarding a specific item on the agenda, stating the grounds for the counter-motion.

Counter-motions that the company has received at the address given below no later than 14 days prior to the meeting, not counting the day of receipt and the day of the General Meeting, i.e., at the latest by midnight Monday 16 May 2011 are made available promptly online at <http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html> together with the name of the shareholder, the grounds and, where applicable, a statement by management (cf. § 126 (1) sentence 3 German Stock Corporations Act).

The German Stock Corporations Act sets forth grounds in § 126 (2) on which counter-motions and their grounds do not need to be made available on the internet. They are described on the company's internet page at <http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html>.

The following is the address for delivery of counter-motions (with reason):

Deutsche Wohnen Aktiengesellschaft

Investor Relations

Mecklenburgische Straße 57

14197 Berlin

Fax: + 49 (0) 30 89 786-509

E-mail: ir@deutsche-wohnen.com

Any motions sent to any other address will be disregarded. Counter-motions are only deemed to have been made if they are submitted verbally during the General Meeting. This does not affect the right of every shareholder to submit counter-motions during the General Meeting regarding various items on the agenda without having transmitted them to the company beforehand by the deadline.

Candidates proposed by shareholders

All shareholders are entitled to submit nominations of candidates at the General Meeting for the election of the annual auditor (agenda item 6) and for the election of the members of the supervisory board (agenda item 7).

Any nomination by a shareholder received by the company at the address shown below at least 14 days prior to the General Meeting (not counting the day of receipt and the day of the General Meeting), i.e. by midnight Monday 16 May 2011, will be published immediately at <http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html>. Any nomination of a candidate by a shareholder needs not be published if it does not contain the candidate's name, present occupation and place of residence. Reasons need not be given for the nomination of candidates for election.

According to Section 127, first sentence, in conjunction with Section 126 para. 2 of the German Stock Corporation Act (*AktG*), there are certain reasons which make publication of a proposal for election on the internet unnecessary. These reasons are stated on the company's website at

<http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html>.

Nominations of candidates for election should be addressed to:

Deutsche Wohnen Aktiengesellschaft

Investor Relations

Mecklenburgische Straße 57

14197 Berlin

Fax: + 49 (0) 30 89 786-507

E-mail: ir@deutsche-wohnen.com

Any nominations of candidates sent to any other address will be disregarded.

Shareholders' rights to demand information

Pursuant to Section 131 para. 1 of the German Stock Corporation Act (*AktG*), the supervisory board must inform a shareholder on request at the General Meeting about the company's affairs, provided such information is necessary to properly assess an item of the agenda. The supervisory board's obligation to provide information also extends to the company's legal and

business relationships with an affiliated company and to the situation of the Group and the enterprises included in the consolidated financial statements.

Under certain conditions which are specified in detail in Section 131 para. 3 of the German Stock Corporation Act (*AktG*), the supervisory board may refuse to give information. A detailed description of the conditions under which the supervisory board may refuse to give information is provided at

<http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html>.

As of the date of publication of this convening notice, the notice and in particular the following documents are available on the internet at

<http://www.ir.deutsche-wohnen.com/websites/deuwo/German/6000/hauptversammlung-2011.html> and available for inspection by the shareholders on the premises of Deutsche Wohnen Aktiengesellschaft, Mecklenburgische Straße 57, 14197 Berlin:

Re agenda items 1, 2 and 5:

- The adopted annual financial statements and the consolidated financial statements as of 31 December 2010 approved by the supervisory board, the annual report for the company and the group inclusive of the report of the supervisory board for the financial year 2010 and the managing board's explanatory notes regarding the information in accordance with Section 289 para. 4 and 5 and Section 315 para. 4 of the German Commercial Code as of 31 December 2010

Re agenda item 8:

- Management Board report in accordance with Section 203 para. 1, first sentence, in conjunction with Section 186 para. 4), second sentence, of the German Stock Corporation Act (*AktG*)

Re agenda item 9:

- Management Board report in accordance with Section 221 para. 4, second sentence, in conjunction with Section 186 para. 4, second sentence, of the German Stock Corporation Act (*AktG*)

Re agenda item 11:

- Control Agreement and Profit and Loss Transfer Agreement
- Joint report by the Management Board of Deutsche Wohnen Aktiengesellschaft and the Management of Deutsche Wohnen Zweite Fondsbeteiligungs-GmbH
- The annual financial statements and annual reports of Deutsche Wohnen Aktiengesellschaft and Deutsche Wohnen Zweite Fondsbeteiligungs-GmbH for the last three financial years

The documents specified above will be available also during the General Meeting on Tuesday 31 May 2011. In addition to, the documents will be sent to any shareholder on request forthwith and free of charge.

Any counter-motion, proposal for election and request for addition of an item to the agenda made by shareholders which have to be published and are received by the company in due time observing the time limits defined above will likewise be published at the internet address specified above.

Frankfurt, in April 2011

Deutsche Wohnen Aktiengesellschaft

The Management Board