

Corporate News

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Takeover Offer by Vonovia SE

Deutsche Wohnen and Vonovia sign agreement to combine both companies

- › Vonovia will launch a voluntary public takeover offer to all shareholders of Deutsche Wohnen; shareholders receive 52 euros in cash per share plus the cash dividend of 1.03 euros that is to be decided at the Annual General Meeting of Deutsche Wohnen
- › Key elements of transaction are agreed in the Business Combination Agreement
- › Executive Board and Supervisory Board of Deutsche Wohnen support the offer
- › Strategic challenges such as climate protection, needs-based housing and affordable housing can be addressed even more consistently together
- › Concrete offer to ease housing market situation in Berlin: “Future and Social Housing Pact” (“Zukunfts- und Sozialpakt Wohnen”)

Berlin, May 24, 2021. Deutsche Wohnen SE and Vonovia SE today signed an agreement to combine the two companies. In this context, Vonovia has announced to launch a voluntary public takeover offer for all outstanding shares in Deutsche Wohnen. Shareholders receive a total of 53.03 euros, consisting of an offer price of 52.00 euros in cash per share and a cash dividend of 1.03 euros per Deutsche Wohnen share proposed to the Annual General Meeting of Deutsche Wohnen on June 1, 2021. This corresponds to a premium of 17.9 % on the closing price of Deutsche Wohnen on May 21, 2021 and of 25.0 % on the weighted average price of Deutsche Wohnen shares over the last three months up to May 21, 2021, thus valuing Deutsche Wohnen at approx. 18 billion euros (on undiluted basis).

Deutsche Wohnen’s Executive Board and Supervisory Board support the offer and intend to recommend its acceptance to the shareholders. In the boards’ opinion, the offer reflects the intrinsic value of the Deutsche Wohnen share and includes an attractive premium. The boards of Deutsche Wohnen also welcome the strategic benefit of the combination and the added

value it will generate for all parties. The combination of the two companies offers the opportunity to address the strategic challenges on the housing market even more consistently.

Michael Zahn, CEO of Deutsche Wohnen: “The market environment has become increasingly similar for Vonovia and Deutsche Wohnen in recent years. Now is the right moment to combine the proven performance and strengths of both companies. Together we will create new perspectives for our employees, our tenants and our owners.”

Goals of the business combination and “Future and Social Housing Pact” for Berlin

The business combination will create Europe’s largest residential real estate group with a combined market capitalisation of currently around 45 billion euros and more than 500,000 apartments with a combined real estate value of approx. 90 billion euros. The combined company has a robust business model with a long-term focus. The necessary investments in affordable housing, climate protection and new construction can be better shouldered together following the combination of the two companies.

Through the combination, Deutsche Wohnen and Vonovia aim to create a tenant-oriented and socially responsible housing company that can reliably contribute to necessary solutions, especially for the Berlin housing market, in close partnership with politics.

Together, the two companies assume responsibility for a social and sustainable housing policy within a “Future and Social Housing Pact” with the State of Berlin:

- › *Limitation of rent increases until 2026:* Over the next three years, Deutsche Wohnen and Vonovia will limit their regular rent increases across their Berlin portfolios as a whole to a maximum of one percent per year, and in the two years thereafter only in line with inflation. In the case of modernizations for climate protection, the companies agree to go beyond the statutory requirements and the modernization allocation to a maximum of 2 euros per square meter.
- › *Fostering new construction in Berlin:* The two companies plan to push new construction in Berlin in the coming years.
- › *Fostering housing for young families in new construction and preventing homelessness:* In order to help young families with children find housing, the two companies are offering these families four-room apartments at 10 percent below the average new rent for the respective district when the apartments are newly rented. In addition, Deutsche Wohnen and Vonovia want to make an effective contribution to preventing homelessness and people losing their homes. In the long term, they will make a three-digit number of apartments in Berlin available for the prevention of homelessness.
- › *Contribution to the expansion of the municipal housing stock:* The two companies are planning a combination and offering the state to acquire a significant number of apartments from their portfolio in this context.

Key Elements of the Business Combination Agreement

Deutsche Wohnen and Vonovia have entered into a Business Combination Agreement which sets out the key elements of the transaction. In the event of a successful completion of the Transaction, the following shall apply:

- › The combined company is to operate under the name “Vonovia SE”.
- › Deutsche Wohnen and Vonovia have also agreed that they will abstain from operations-related redundancies with effect from a date prior to December 31, 2023 in connection with the transaction.
- › The registered office of the combined company is to remain in Bochum after the merger, with the combined company being managed from Bochum and Berlin.
- › Michael Zahn, CEO of Deutsche Wohnen, is to be appointed Vice Chairman of the Executive Board and Philip Grosse, CFO of Deutsche Wohnen, is to be appointed Chief Financial Officer of Vonovia. Furthermore, an Executive Committee is to be formed below the Management Board, to which Henrik Thomson, CDO of Deutsche Wohnen, and Lars Urbansky, COO of Deutsche Wohnen, will belong.
- › After completion of the takeover offer, two persons are to be appointed to the Supervisory Board of Vonovia, upon recommendation by Deutsche Wohnen to the Supervisory Board of Vonovia prior to completion of the transaction. Furthermore, Michael Zahn and Helene von Roeder, CFO of Vonovia, are to become members of the Supervisory Board of Deutsche Wohnen.

Key Elements of the Takeover Offer by Vonovia

In June 2021, Vonovia intends to submit to the shareholders of Deutsche Wohnen a takeover offer in cash for all outstanding shares. Shareholders receive a total of 53.03 euros, consisting of an offer price of 52.00 euros in cash per share and a cash dividend of 1.03 euros per Deutsche Wohnen share proposed to the Annual General Meeting of Deutsche Wohnen on June 1, 2021. This corresponds to a premium of 17.9 % on the closing price of Deutsche Wohnen on May 21, 2021 and of 25.0 % on the weighted average price of the Deutsche Wohnen share over the last three months up to May 21, 2021.

The Executive Board and Supervisory Board of Deutsche Wohnen welcome the planned takeover offer of Vonovia and – subject to the review of the final offer document – intend to support it and to recommend its acceptance to the shareholders. Furthermore, the members of the management board and the supervisory board intend to tender the Deutsche Wohnen shares held by them as part of the planned takeover offer.

According to Vonovia, the takeover offer is expected to be completed by the end of August. The planned takeover offer is subject to a minimum acceptance threshold of 50 % of the outstanding shares of Deutsche Wohnen, the granting of merger control clearance and other customary closing conditions.

The offer document and further information relating to the takeover offer will be made available by Vonovia on its website.

Deutsche Bank, Goldman Sachs, J.P. Morgan and UBS act as financial advisors to Deutsche Wohnen, Sullivan & Cromwell acts as legal advisor.

Important Notice

This announcement is for information purposes only and neither constitutes an invitation to sell, nor an offer to purchase, securities of Deutsche Wohnen SE. The final terms and further provisions regarding the public takeover offer will be disclosed in the offer document after its publication has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). To the extent legally permissible, the final terms and conditions of the public takeover offer may deviate from the basic information described herein. Investors and holders of securities of Deutsche Wohnen SE are strongly recommended to read the offer document and all announcements in connection with the public takeover offer as soon as they are published, since they contain or will contain important information.

The offer will be made exclusively under the laws of the Federal Republic of Germany, especially under the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*), and certain provisions of the securities laws of the United States of America applicable to cross-border tender offers. The offer will not be executed according to the provisions of jurisdictions other than those of the Federal Republic of Germany or the United States of America (to the extent applicable). Thus, no other announcements, registrations, admissions or approvals of the offer outside of the Federal Republic of Germany have been filed, arranged for or granted. Investors in, and holders of, securities in Deutsche Wohnen SE cannot rely on having recourse to provisions for the protection of investors in any jurisdiction other than the provisions of the Federal Republic of Germany or the United States of America (to the extent applicable). Subject to the exceptions described in the offer document as well as any exemptions that may be granted by the relevant regulators, a public takeover offer will not be made, neither directly nor indirectly, in jurisdictions where to do so would constitute a violation of the laws of such jurisdiction.

Deutsche Wohnen SE understands that Vonovia SE (the “Bidder”) reserves the right, to the extent legally permitted, to directly or indirectly acquire further shares outside the offer on or off the stock exchange. If such further acquisitions take place, information about such acquisitions, stating the number of shares of Deutsche Wohnen SE acquired or to be acquired and the consideration paid or agreed on, will be published without undue delay.

To the extent any announcements in this document contain forward-looking statements, such statements do not represent facts and are characterized by the words “will”, “expect”, “believe”, “estimate”, “intend”, “aim”, “assume” or similar expressions. Such statements express the intentions, opinions or current expectations and assumptions of Deutsche Wohnen SE and/or the Bidder. Such forward-looking statements are based on current plans, estimates and forecasts, which Deutsche Wohnen SE and/or the Bidder have made to the best of their knowledge, but which they do not claim to be correct in the future. Forward-looking statements are subject to risks and uncertainties that are difficult to predict and usually cannot be influenced by Deutsche Wohnen SE and/or the Bidder. These expectations and forward-looking statements can turn out to be incorrect and the actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements. Deutsche Wohnen SE and/or the Bidder do not assume an obligation to update the forward-looking statements with respect to the actual development or incidents, basic conditions, assumptions or other factors.

Deutsche Wohnen

Deutsche Wohnen is one of the leading publicly listed residential property companies in Europe. The business focus of the company is on managing its own portfolio of residential properties in dynamic metropolitan regions and conurbations in Germany. Deutsche Wohnen sees itself as having both a social responsibility and a duty to maintain and newly develop good-quality and affordable housing in vibrant residential neighbourhoods. As of 31 March 2021, the portfolio comprised a total of around 157,500 units, of which 154,600 were residential and 2,900 commercial units. Deutsche Wohnen SE is listed in the Deutsche Börse's DAX and is also included in the leading indices EPRA/NAREIT, STOXX Europe 600, GPR 250 and DAX 50 ESG.

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