

CONVERSION REPORT

of the Management Board of Deutsche Wohnen AG, Frankfurt am Main, Germany,

dated April 24, 2017

– submitted regarding item 10 on the agenda of the annual
General Meeting of Deutsche Wohnen AG
on June 2, 2017 –

THIS IS A CONVENIENCE TRANSLATION OF THE GERMAN CONVERSION REPORT OF THE MANAGEMENT BOARD OF DEUTSCHE WOHNEN AG, WHICH IS PROVIDED TO SHAREHOLDERS FOR INFORMATIONAL PURPOSES ONLY. ONLY THE GERMAN VERSION OF THIS DOCUMENT IS LEGALLY BINDING ON DEUTSCHE WOHNEN AG. NO WARRANTY IS MADE AS TO THE ACCURACY OF THIS TRANSLATION AND DEUTSCHE WOHNEN AG ASSUMES NO LIABILITY WITH RESPECT THERETO.

Table of Contents

	<u>Page</u>
§ 1 Introduction.....	2
1.1 Overview.....	2
1.2 Purpose of the present Report, further documents.....	3
§ 2 Deutsche Wohnen AG	3
2.1 Overview.....	3
2.2 Registered seat, headquarters, fiscal year and corporate purpose of the company.....	4
2.3 Supervisory Board, Management Board and representation.....	4
2.4 Capital and shareholders	6
§ 3 Material aspects of the conversation	6
§ 4 Comparison of structural elements, in particular of the legal position of the shareholders, of Deutsche Wohnen AG and Deutsche Wohnen SE.....	7
4.1 Introduction.....	7
4.2 General provisions.....	8
4.3 Formation of the company.....	8
4.4 Legal relationships affecting the company and the shareholders.....	9
4.5 Constitution of the company.....	9
4.6 Annual financial statements, group annual financial statements.....	23
4.7 Measures to obtain and reduce capital	23
4.8 Invalidity of resolutions by the general meeting of shareholders and of the adopted annual financial statements, special audit due to illegitimate undervaluation	23
4.9 Dissolution and declaration of annulment of the company	23
4.10 Affiliated entities	24
4.11 Provisions on punishments and fines.....	24
4.12 German Corporate Governance Code.....	24
§ 5 Implementation of the conversion of Deutsche Wohnen AG into Deutsche Wohnen SE.....	25
5.1 Preparation of the Conversion Plan	25
5.2 Conversion audit.....	25
5.3 Publication	26
5.4 General Meeting of Shareholders of Deutsche Wohnen AG.....	26
5.5 Procedure for the involvement of employees in Deutsche Wohnen SE.....	27
5.6 Registration of the conversion to Deutsche Wohnen SE.....	27
5.7 Establishment of the first Supervisory Board, appointment of the Management Board.....	28
§ 6 Explanation of the conversion plan and the first articles of association of Deutsche Wohnen SE and the implications for the shareholders and employees	30
6.1 Explanation of the Conversion Plan.....	30
6.2 Explanation of the Articles of Association of Deutsche Wohnen SE	38
§ 7 Implications of the conversion.....	50
7.1 Corporate-law implications	50
7.2 Accounting-related implications of the conversion.....	50
7.3 Tax implications of the conversion	51
7.4 Implications of the conversion relating to the shares in the Company and its listing	51
7.5 Implications of the conversion on employees	52

§ 1 INTRODUCTION

1.1 Overview

Deutsche Wohnen AG, having its registered seat in Frankfurt am Main, is to be converted from a stock corporation (*Aktiengesellschaft*, hereinafter also referred to as “**AG**”) under German law to a European corporation (European company – *Societas Europaea*; “**SE**”), with the company name Deutsche Wohnen SE, a supranational legal form under European law. For this purpose, the Management Board of Deutsche Wohnen AG has prepared a Conversion Plan to which the Articles of Association of the SE are attached as an annex. This Conversion Plan, including the Articles of Association of the SE, was notarized on April 19, 2017 (deeds of the notary public Christian Rahns with office in Berlin, roll of deeds no. 203/2017 R).

The conversion to a SE is effected pursuant to Article 2 (4) in conjunction with Article 37 of Council Regulation (EC) No. 2157/2001 on the Statute for a European company (the “**SE Regulation**”). In addition, the German Act on the Implementation of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European company of December 22, 2004 (*Gesetz zur Ausführung der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE) – SE-Ausführungsgesetz*; “**SEAG**”) as well as individual provisions of the German Stock Corporation Act (*Aktiengesetz*; “**AktG**”) and of the German Conversion Act (*Umwandlungsgesetz*; “**UmwG**”) apply.

Pursuant to Article 37 (7) of the SE Regulation, the Conversion Plan and the Articles of Association require the approval of the General Meeting of Shareholders of Deutsche Wohnen AG. The Management Board therefore proposes to the General Meeting to be held on June 2, 2017 under Item 10 on the agenda to approve the Conversion Plan dated April 19, 2017, and the Articles of Association of Deutsche Wohnen SE attached as an annex to the Conversion Plan. The Supervisory Board of Deutsche Wohnen AG supports the conversion project and in its meeting on April 7, 2017 approved the respective resolution proposal to the General Meeting of Shareholders. The details of the resolution proposals of the Management Board and the Supervisory Board will be set out in the convocation notice for the General Meeting of Shareholders, which is scheduled for publication in the German Federal Gazette (*Bundesanzeiger*) on April 26, 2017.

The conversion will be effected with the identity of the legal entity being preserved, meaning that the conversion will neither lead to a liquidation of Deutsche Wohnen AG nor to the formation of a new legal entity. The shareholders’ interests will therefore continue to exist as well as the listing of their shares. The company will maintain its registered seat and headquarters in Germany.

Deutsche Wohnen SE will have a Management Board (management organ within the meaning of Articles 38 lit. b), 39 (1) of the SE Regulation) and a Supervisory Board (supervisory organ within the meaning of Articles 38 lit. b), 40 (1) of the SE Regulation). The involvement of the employees of a SE having its registered seat in Germany is governed by the German Act on the Involvement of Employees in European Companies of December 22, 2004 (*Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft – SE-Beteiligungsgesetz*; “**SEBG**”), which implements Council Directive No. 2001/86/EC of October 8, 2001 supplementing the Statute for a European company with regard to the involvement of employees (“**SE Involvement Directive**”). The SEBG stipulates inter alia that the procedure for the information and consultation of employees may be based on an agreement (“**Agreement on Employee Involvement**”).

1.2 Purpose of the present Report, further documents

Pursuant to Article 37 (4) of the SE Regulation, the Management Board of Deutsche Wohnen AG submits this Report explaining and justifying the legal and economic aspects of the conversion and indicating the implications for the shareholders and for the employees of the adoption of the form of a SE.

All information in this Report refer to the date on which this Report is signed, unless indicated otherwise.

The Conversion Plan, including the Articles of Association of Deutsche Wohnen SE, and this Report are available on the Internet at www.deutsche-wohnen.com in the segment investor relations and will also be available for review during the General Meeting of the Shareholders. The same applies to the certificate issued by the court-appointed independent expert, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Niederlassung Berlin, pursuant to Article 37 (6) of the SE Regulation.

Regarding the business operations of Deutsche Wohnen AG and Deutsche Wohnen SE after the conversion respectively the report is limited to a summary of the known business operations. For more information on business operations please refer to the annual financial statement and the management report, the group annual financial statement and the group management report 2016 of Deutsche Wohnen AG as well as other additional information published in the management report 2016 (accessible under www.deutsche-wohnen.com in the segment investor relations).

§ 2 DEUTSCHE WOHNEN AG

2.1 Overview

Deutsche Wohnen with its registered seat in Frankfurt am Main and its headquarters in Berlin is one of the leading listed residential companies in Germany. The primary business focus of Deutsche Wohnen is to manage its own residential properties and to develop its residential property portfolio in German metropolitan regions. The residential property with a fair value of approx. EUR 15.7 bn. includes more than 158,000 residential- and 2,200 commercial properties (as of December 31, 2016). This includes nursery homes with approx. 6,700 nursing places and apartments for assisted living. All business activities aim to continually increase the value of the portfolio by the development of the core portfolio and strategically justified acquisitions and sales. In addition, Deutsche Wohnen AG holds 49% of the shares of KATHARINENHOF Seniorenwohn- und Pflegeanlage Betriebs-GmbH, which is one of the leading providers of high quality residential and care facilities for elderly people.

Deutsche Wohnen AG acts as a holding company that performs central financial and management functions. The group's properties are held in so-called asset companies.

On December 31, 2016, Deutsche Wohnen AG and its subsidiaries employed 943 people. In 2016, the balance sheet of the Deutsche Wohnen group increased from EUR 13,700.1 million in 2015 to EUR 16,738.6 million in 2016. The Funds from Operations (FFO I) increased from EUR 304.0 million in 2015 to EUR 383.9 Million This corresponds to an increase of EUR 79.9 million or 26%.

2.2 Registered seat, headquarters, fiscal year and corporate purpose of the company

(a) Registered seat, headquarters and fiscal year

Deutsche Wohnen AG is a stock corporation under German law having its registered seat in Frankfurt am Main, Germany, and its headquarters in Berlin, Germany. It is registered in the commercial register of the Local Court (*Amtsgericht*) of Frankfurt am Main under HRB 42388. Its business address is Pfaffenwiese 300, 65929 Frankfurt am Main; the address of the headquarters of Deutsche Wohnen AG is Mecklenburgische Straße 57, 14197 Berlin. The fiscal year of the company is the calendar year.

Deutsche Wohnen AG intends to move its seat to Berlin after the conversion into Deutsche Wohnen SE has been registered.

(b) Corporate purpose of the company

The corporate purpose of the company is, pursuant to Section 2 of its Articles of Association, the acquisition, administration, letting, operation and sale of residential property, nursing homes and other properties. Properties may be developed, modernized and maintained, services may be provided and co-operations of any kind may be entered into.

The corporate purpose of the company may be realized by the company itself or by its subsidiaries or affiliated companies, the corporate purpose of which may partially or fully be aligned with the corporate purpose of the company. Deutsche Wohnen AG may found or acquire such companies; it is entitled to centralize such subsidiaries under its direction or to limit its activities to the management of such holdings and it may dispose of any of its holdings. The company is entitled to conduct all business and take all measures connected to the corporate purpose or which are suitable to directly or indirectly serve the corporate purpose.

The company does not engage in activities which would qualify it as an investment fund within the meaning of the German Capital Investment Code (*Kapitalanlagegesetzbuch*). In particular, the company was not established with the main purpose of generating returns for its shareholders by divestment of its subsidiaries or affiliated companies.

2.3 Supervisory Board, Management Board and representation

The Supervisory Board of Deutsche Wohnen AG currently comprises six members. At the time of the resolution on the approval of the Conversion Plan, the Supervisory Board comprised and, without any changes on the date this Report was signed, continues to comprise the following members (see below § 6.1(f) concerning the designated members of the Supervisory Board of Deutsche Wohnen SE):

Name (main professional activity)	Position	Appointed Until	Memberships in supervisory boards / other supervisory bodies
Uwe E. Flach (Consultant, Frankfurt am Main)	Chairperson	2017*	metabo Aktiengesellschaft, Nürtingen (member of the supervisory board since February 12, 2015)
Dr. rer. pol. Andreas Kretschmer (Advisor of Ärzteversorgung Westfalen-Lippe, Einrichtung der Ärztekammer Westfalen-	Deputy chairperson	2019*	BIOCEUTICALS Arzneimittel AG, Bad Vilbel (chairperson of the supervisory board); Amprion GmbH, Dortmund (deputy chairperson of the supervisory board)

Name (main professional activity)	Position	Appointed Until	Memberships in supervisory boards / other supervisory bodies
Lippe KöR, Münster)			
Wolfgang Clement (Publicist and management consultant, Bonn)	Member	2016*	Daldrup & Söhne AG, Grünwald (chairperson of the supervisory board); DIS Deutscher Industrie Service AG, Düsseldorf (member of the supervisory board); Peter Dussmann-Stiftung, Berlin (member of the foundation board); Dussman Stiftung & Co. KGaA, Berlin (chairperson of the supervisory board); Landau Media Monitoring AG & Co. KG, Berlin (member of the supervisory board); RWE Power AG, Essen (member of the supervisory board)
Matthias Hünlein (Managing Director of the Tishman Speyer Properties Deutschland GmbH, Frankfurt am Main)	Member	2019*	none
Dr. Florian Stetter (CEO of Rockhedge Asset Management AG, Krefeld)	Member	2020*	CalCon Deutschland AG, München (member of the supervisory board); ENOVO s.r.o., Bratislava, Slowakische Republik (managing partner)
Claus Wisser (Managing director of Claus Wisser Vermögensverwaltungs GmbH, Frankfurt am Main)	Member	2018*	AVECO Holding AG, Frankfurt am Main (chairperson of the supervisory board); DFV Deutsche Familienversicherung AG, Frankfurt am Main (member of the supervisory board)

* *The respective year stated above corresponds to the last financial year of the appointment of the respective member of the Supervisory Board. The appointment ends with the conclusion of the annual general meeting resolving on the discharge for the respective financial year.*

Pursuant to Section 5 (1) of the Articles of Association, the Management Board of Deutsche Wohnen AG comprises two or more persons. The number of Management Board members is determined by the Supervisory Board. At the time of the resolution on the Conversion Plan and the notarization of the Conversion Plan, the Management Board of Deutsche Wohnen AG consists of and continues to consist of on the date this Report is signed, the following three members: Michael Zahn (Chief Executive Officer - CEO), Lars Wittan (Chief Investment Officer) and Philip Grosse (Chief Financial Officer).

At the time of the resolution of the Management Board on the Conversion Plan and the notarization of the Conversion Plan, Deutsche Wohnen AG was and, without any changes on the date this Report is signed, continues to be legally represented by two Management Board members jointly or by one member of the Management Board acting jointly with one holder of full

commercial power of attorney (*Prokurist*) within the meaning of Sections 48-53 of the German Commercial Code (*Handelsgesetzbuch*; "HGB") pursuant to Section 5 (3) of the Articles of Association.

2.4 Capital and shareholders

The registered capital stock of Deutsche Wohnen AG amounts to EUR 354,654,560.00 and is divided into 354,654,560 no-par value bearer shares, each representing a notional value of EUR 1.00 of the share capital. The shares are bearer shares.

The number of shares issued by Deutsche Wohnen AG marginally exceeds the registered share capital of Deutsche Wohnen AG (354,659,356 shares have been issued, as of March 31, 2017), as the number of shares issued by Deutsche Wohnen AG increases steadily due to compensation claims of external shareholders of GSW Immobilien AG under the domination agreement entered into between Deutsche Wohnen AG and GSW Immobilien AG and the according issuance of new shares of Deutsche Wohnen AG from Conditional Capital 2014/II (Section 4c of the Articles of Association of Deutsche Wohnen AG); however, these issuances of new shares shall only be submitted collectively for entry in the commercial register after the end of the fiscal year pursuant to Section 201 (1) AktG (*cf.* § 6.1(c) for additional information concerning the share capital after conversion).

In Section 4a, the Articles of Association provide for authorized capital to be used by June 11, 2018 in the amount of EUR 82,825,890.00 (Authorized Capital 2015). Moreover, the Articles of Association provide for the following conditional capital:

- in Section 4b (1) a conditional capital in the amount of EUR 16,075,714.00 (Conditional Capital 2013),
- in Section 4b (2) a conditional capital in the amount of EUR 25,000,000.00 (Conditional Capital 2014/I),
- in Section 4b (3) a conditional capital in the amount of EUR 50,000,000.00 (Conditional Capital 2015),
- in Section 4c a conditional capital in the amount of EUR 5,902,813.00 (Conditional Capital 2014/II),
- in Section 4d a conditional capital in the amount of EUR 12,879,752.00 (Conditional Capital 2014/III).

The Deutsche Wohnen shares (ISIN DE000A0HN5C6) are listed on the stock exchanges of Frankfurt am Main (XETRA). They are represented by global certificates. The existing global share certificates will become incorrect upon the conversion of Deutsche Wohnen AG to a SE (see Section 7.4 of this Report). The shares represented by the global certificates are to be represented by a new or several new global share certificate issued by Deutsche Wohnen SE.

§ 3

MATERIAL ASPECTS OF THE CONVERSION

The change of legal form from a stock corporation to a *Societas Europaea* is to manifest the open and international self-image of the Company, in particular against the background of the international shareholder base of Deutsche Wohnen AG. The change of legal form to this modern, supranational legal form *Societas Europaea* furthermore allows going forward and taking into account the aspired continued growth of Deutsche Wohnen AG to continue the successfully established corporate governance structure of the Company.

Instead of changing the legal form, the formation of the SE could have also been effected by a cross-border merger pursuant to Article 2 (1) in conjunction with Article 17 *et seq.* of the SE Regulation. The Company compared both alternatives and their respective advantages and disadvantages. The cross-border merger would have been legally more complex and more expensive. Thus, the change of legal form is the appropriate way of formation and for good for the company.

The Management Board of Deutsche Wohnen AG estimates that the costs for the conversion of the company to a SE will amount to a maximum of EUR 1.5 million in aggregate. This amount includes in particular the costs of preparatory measures, the conversion audit by the court-appointed auditor, the notarization of the Conversion Plan, registration, external expert advice, the necessary publications, the procedure to be conducted for the involvement of the employees as well as the costs for issuing one or several new global certificates (*cf.* Section 2.5 of this Report). The costs for holding the ordinary General Meeting of Deutsche Wohnen AG are not included in this estimate as the ordinary General Meeting was to be held in any case.

§ 4

COMPARISON OF STRUCTURAL ELEMENTS, IN PARTICULAR OF THE LEGAL POSITION OF THE SHAREHOLDERS, OF DEUTSCHE WOHNEN AG AND DEUTSCHE WOHNEN SE

In the following we will set out a comparison of certain material structural features of the current Deutsche Wohnen AG and the future Deutsche Wohnen SE, with the main focus on shareholders' rights and corporate governance structures.

4.1 Introduction

The SE is a supranational legal form based on European law. As can be derived from Article 1 (1) of the SE Regulation, the SE is a legal form for commercial enterprises within the territory of the European Community (and in addition, and as a consequence of the foregoing, also within the territory of the EEA as a whole).

Pursuant to Article 10 of the SE Regulation, a SE will be treated in each member state – subject to the provisions of the SE Regulation – as a stock corporation established under the laws of the member state in which the SE has its registered seat. The legal relationships affecting Deutsche Wohnen SE, the rights of its shareholders and its corporate governance regime are determined by (i) the provisions of the SE Regulation, which is directly applicable in all member states, (ii) the SEAG as the German act implementing the SE Regulation, (iii) the provisions applicable to German stock corporations, in particular the provisions of the German Stock Corporation Act (see in particular the reference contained in Article 9 (1) (c) (ii) of the SE Regulation), and (iv) the Articles of Association of Deutsche Wohnen SE. Since Deutsche Wohnen SE is treated as a stock corporation – subject to the provisions of the SE Regulation –, the provisions of commercial, tax and capital markets law currently applicable to Deutsche Wohnen AG will also continue to apply to Deutsche Wohnen SE.

The involvement of employees generally is determined by an agreement on Employee Involvement to be concluded between Deutsche Wohnen AG and the special negotiating body (see Section 6.1 lit. (h) of this Report for more information). Statutory provisions will apply only insofar as expressly referred to in a potential agreement on Employee Involvement (see Section 21 (5) SEBG).

4.2 General provisions

(a) *Legal personality*

In the same way as a stock corporation under German law, the SE also is a legal person. It is a legal entity and as such may carry its own rights and obligations (Article 1 (3) of the SE Regulation).

(b) *Capital stock, share structure*

The registered capital stock of Deutsche Wohnen AG currently amounts to EUR 354,654,560.00 and significantly exceeds the minimum capital of a SE, which amounts to EUR 120,000.00 pursuant to Article 4 (2) of the SE Regulation.

The capital stock, the authorized capital and the contingent capital of Deutsche Wohnen SE will in each case be equivalent to that of Deutsche Wohnen AG immediately prior to the effective date of conversion (see Section 6.1 lit. (c) of this Report for more information).

With regards to the possibilities of the embodiment of the shares, no changes will result from the conversion to a SE either, because Article 5 of the SE Regulation ultimately refers to the German Stock Corporation Act. However, since the name of the issuer of the share certificates will change as a result of the conversion of Deutsche Wohnen AG to a SE, the share certificates will become incorrect in this respect and will therefore be exchanged. See Sections 2.5 and 7.4 of this Report for further information.

(c) *Registered seat of the company and option to transfer the registered seat abroad*

The registered seat of the SE, as is the case with an AG, is determined in the articles of association. It is intended that the company continue to maintain its registered seat and headquarters in Germany. The registered seat of Deutsche Wohnen SE will also be in Frankfurt am Main and the headquarters in Berlin. Because the registered seat of an AG and a SE must mandatorily be determined in the articles of association, any relocation requires an amendment to the articles of association. It is intended to move the seat of Deutsche Wohnen SE from Frankfurt am Main to Berlin after the conversion so that both, the seat and the headquarters of Deutsche Wohnen SE, will be in Berlin.

(d) *Reporting requirements*

Because of its listing the provisions of the German Securities Trading Act (*Gesetz über den Wertpapierhandel – Wertpapierhandelsgesetz*; “WpHG”) and of the Regulation (EU) No. 596/2014 on market abuse (“**Market Abuse Regulation**”) also apply to the future Deutsche Wohnen SE. This is the case in particular for the provisions on insider surveillance (Articles 7 ff. Market Abuse Regulation) and on the obligations regarding voting rights notifications (Sections 21 ff. WpHG). As would have been the case for Deutsche Wohnen AG, under Section 28 WpHG the shareholders of Deutsche Wohnen SE will lose certain of their shareholders’ rights if notification obligations are not met. The change of legal form therefore does not lead to any changes in this respect. Nor will the conversion of Deutsche Wohnen AG to an SE result in any change in the applicable provisions of takeover law.

4.3 Formation of the company

The formation of a SE will be governed, subject to the provisions of the SE Regulation, by the law applicable to stock corporations in the member state in which the SE establishes its registered seat (Article 15 (1) of the SE Regulation). The formation of Deutsche Wohnen SE is

therefore generally governed by the laws applicable to the formation of the AG. In a conversion, the founder will be the entity changing its legal form, *i.e.* in the present case Deutsche Wohnen AG.

In the event of a conversion involving a change of legal form to that of a SE, the formation provisions of German stock corporation law (adoption of articles of association, formation expenses, formation report, formation audit, application for registration of the company, examination by the court, registration in the commercial register, etc.) will be modified or superseded by the provisions of Article 37 of the SE Regulation. The details of the formation procedure are described in Section 5 of this Report.

4.4 Legal relationships affecting the company and the shareholders

In an AG, the capital stock must not only have been raised at the time of its formation but must also be preserved thereafter. This is the purpose of Sections 56 ff. AktG. In this regard the company is allowed to underwrite its own shares, subject to certain conditions (Section 56, 71 AktG), and is permitted to repay capital contributions to the shareholders (Section 57 AktG). Since all of these provisions serve to preserve the capital of the company, they are also applicable pursuant to Article 5 of the SE Regulation to a SE that has its registered seat in Germany, so that the conversion of Deutsche Wohnen AG to a SE will not result in any changes in this regard.

In an AG, all shareholders must be treated equally under equal circumstances (Section 53a AktG). No corresponding provision is contained in the SE Regulation. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, however, the principle of equal treatment also applies to a SE that has its registered seat in Germany, so that the conversion will not result in any changes in this regard either.

4.5 Constitution of the company

(a) Choice between two-tier and one-tier system

One aspect where the SE is different from the AG is the greater flexibility in its corporate governance regime, *i.e.* in the structures for the management and supervision of the company. For a SE, there is a choice between a one-tier and a two-tier system: While in a two-tier system there are two administrative organs, one of which manages the business and the other supervises the management, in a one-tier system there is only one administrative organ that manages the company, determines the basic principles of its activities and supervises their implementation (see Section 22 (1) SEAG). In contrast, for an AG only the two-tier system involving the management board as the management organ and the supervisory board as a supervisory organ is permitted.

The Articles of Association of Deutsche Wohnen SE provide for a two-tier system for the company comprising a management organ (Management Board) and a supervisory organ (Supervisory Board), so that the conversion will not result in a fundamental change in the corporate governance regime of the company, as this would be the case for a conversion into a one tier system. The change of legal form merely entails certain change of details that will be explained below.

(b) Management Board

(i) Management of the company

As regards the management of the future Deutsche Wohnen SE, the conversion to a SE will not

result in any changes. Pursuant to Article 39 (1) sentence 1 of the SE Regulation, the management organ (i.e. the Management Board) is responsible for managing the SE. This stipulation is equivalent to Section 76 (1) AktG in terms of content.

(ii) Size and composition of the management board

The management board of an AG generally consists of one or more persons (Section 76 (2) sentence 1 AktG), with Section 76 (2) sentence 2 AktG additionally requiring that, in a company with a capital stock exceeding EUR 3 million, the management board must consist of at least two persons unless the articles of association provide otherwise. The same applies to the SE pursuant to Section 16 SEAG and accordingly is stipulated in Section 8 (1) sentence 2 of the Articles of Association of Deutsche Wohnen SE.

It is expected that after the conversion – and provided that the relevant individuals will be appointed by the first Supervisory Board of Deutsche Wohnen SE (see Section 5.7 of this Report) – the Management Board of Deutsche Wohnen SE will consist of the same persons as in Deutsche Wohnen AG.

(iii) Management

The principle of joint management by all management board members, as in the AG, also applies to the SE, unless the articles of association or the rules of procedure provide otherwise. Moreover, the principle under German stock corporation law pursuant to which differences of opinion within the management board cannot be decided by one or more members against the majority of the members of the management board applies (Article 9 (1) (c) (ii) of the SE Regulation in conjunction with Section 77 (1) sentence 2 half sentence 2 AktG). However, under certain circumstances, in a SE a member appointed as chairperson of the management board may be granted a right to veto decisions of the management board (*cf.* Article 50 (1) SE Regulation). The Articles of Association of Deutsche Wohnen SE do not make use of the option to grant such a veto right. On the management board of a SE, the chairperson, if appointed, generally has the casting vote in the event of a tie, unless otherwise provided for in the Articles of Association (Article 50 (2) sentence 1 of the SE Regulation). At the AG, however, the chairperson only has the casting vote if stipulated by the articles of association or the rules of procedure of the management board (see Section 77 (1) sentence 2 AktG). The rules of procedure of the Management Board of Deutsche Wohnen AG stipulate in Section 5 (3) sentence 2 that in the event of a tie, the chairperson, if appointed, has the casting vote. If the Management Board consists of only two members, this rule does not apply pursuant to Section 5 (3) sentence 3 of the rules of procedure of the Management Board; a Management Board consisting of two members shall take its decisions unanimously. In order to ensure that the legal situation currently existing at Deutsche Wohnen AG is maintained at Deutsche Wohnen SE, Section 8 (4) sentence 1 of the Articles of Association of Deutsche Wohnen SE stipulates that, in the event of a tied vote, the vote of the chairperson or the speaker of the Management Board is decisive. This corresponds to the legal situation pursuant to Article 50 (2) sentence 1 of the SE Regulation. If the Management Board consists of two members, the Articles of Association of Deutsche Wohnen SE and Deutsche Wohnen AG respectively provide for a derogation. Pursuant to Section 8 (4) sentence 2 of the Articles of Association of Deutsche Wohnen AG, decisions shall be taken unanimously if the Management Board consists of two members only; the chairperson does not have the decisive vote. See also Section 6.2 lit. (f) of this Report for further information.

(iv) Representation of the company

Since the SE Regulation does not contain any representation provisions specific to the SE, the

provisions of the German Stock Corporation Act and/or the articles of association of the SE will apply through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. As did the Articles of Association of Deutsche Wohnen AG, the Articles of Association of Deutsche Wohnen SE likewise provide that the company will be legally represented by two members of the management board or one member of the Management Board acting jointly with one holder of full commercial power of attorney (*Prokurist*) within the meaning of Sections 48-53 HGB (Section 8 (3) of the Articles of Association). As regards the representation of the company, the conversion to a SE will therefore not result in any changes.

(v) *Appointment and removal of management board members, term of office*

The members of the management board of a SE are, comparable to the AG, generally appointed and removed by the supervisory board (Section 84 AktG, Article 39 (2) sentence 1 of the SE Regulation).

The management board members of an AG are appointed for a term of office not exceeding five years. A reappointment or an extension of the term of office is permissible, in each case for a period not exceeding five years. The supervisory board may revoke the appointment of members of the management board and the appointment of the chairperson of the management board for cause (*wichtiger Grund*) (Section 84 (3) AktG).

By contrast, the members of the management board of a SE are appointed for a period laid down in the articles of association but not exceeding six years (Article 46 (1) of the SE Regulation). Subject to any restrictions laid down in the articles of association, a reappointment is possible (Article 46 (2) of the SE Regulation). In Section 8 (2) sentence 2, the Articles of Association of Deutsche Wohnen SE stipulate a term of office of five years, with reappointments being permitted (Section 8 (2) sentence 3). This provision is therefore in line with the statutory provision for AGs and the rules as previously in place with Deutsche Wohnen AG; however, the Articles of Association of Deutsche Wohnen SE do not contain any restriction as to the timing of a reappointment. Owing to the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the option to revoke an appointment (only) for cause pursuant to Section 84 (3) AktG also applies to a SE that has its registered seat in Germany.

(vi) *Rules for the remuneration of management board members, non-compete covenant, granting of loans to management board members*

With regards to the rules for the remuneration of management board members, the non-compete covenant of management board members and the granting of loans to management board members (Sections 87 through 89 AktG), the provisions of the German Stock Corporation Act also apply to a SE that has its registered seat in Germany through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, so that there are no differences between the two legal forms.

(vii) *Reports to the Supervisory Board*

The duties of the management board of a SE to report to the supervisory board of a SE were modeled on the duties of the management board of an AG to report to the supervisory board of an AG.

Pursuant to Section 90 AktG, the management board of an AG must report to the supervisory board regularly and at any important occasion on fundamental business planning business issues, *i.e.* the intended business policy, the profitability of the company, the progress of business and any transactions that may be of material significance to the profitability or liquidity of the company. The report shall include subsidiaries or joint ventures, if applicable. In addition,

the supervisory board may at any time request reports on the affairs which could materially affect the position of the company (Section 90 (3) sentence 1 AktG).

The management board of a SE is subject to similar reporting duties which it must fulfill at regular intervals. For example, the management board must report to the supervisory board of the SE at least every three months on the progress and foreseeable development of the SE's business (Article 41 (1) of the SE Regulation). In addition to regular reporting, the management board must promptly inform the supervisory board of all events likely to have an appreciable effect on the position of the SE (Article 41 (2) of the SE Regulation). Pursuant to Article 41 (3) of the SE Regulation, the supervisory board of a SE may require the management board to provide information of any kind which it needs to perform its supervisory role.

Since the reporting of the AG and the SE are largely equivalent in terms of their content, the future Management Board of Deutsche Wohnen SE will be obliged to report to the Supervisory Board to the same extent as the Management Board of Deutsche Wohnen AG was.

(viii) Duties of the management board in the event of loss, over-indebtedness or inability to pay

The duties of management board members in the event of a loss of half of the subscribed capital, over-indebtedness or an inability to pay as stipulated in Section 92 AktG must also be fulfilled, owing to the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, by the management organ (*i.e.* the management board) of a SE with a two-tier structure.

(ix) Duties of care and responsibility

Pursuant to the reference contained in Article 51 of the SE Regulation, the members of the management organ of a SE are liable in accordance with the provisions applicable to stock corporations in the member state where the SE's registered seat is situated. Through this reference to German law, the requirements contained in Section 93 AktG as regards the standard of care of a prudent and conscientious business manager (*ordentlicher und gewissenhafter Geschäftsleiter*) also apply to the Management Board of Deutsche Wohnen SE. This also includes the so-called business judgment rule relating to entrepreneurial decisions contained in Section 93 (1) sentence 2 AktG and the rules governing the exemption from the compensation obligation pursuant to Section 93 (4) AktG.

Pursuant to Article 49 of the SE Regulation, the members of a SE's organs must generally not divulge any information if this might be detrimental to the company's interests even after they have ceased to hold office. In terms of content, this provision is equivalent to the situation under German stock corporation law, which does not expressly stipulate that the duty of confidentiality survives the end of the term of office but where it is generally accepted that this is the case.

(x) Utilization of influence on the company

Pursuant to Section 117 (1) AktG, any person who intentionally utilizes his or her influence on the company to cause a member of the management board to engage in conduct that is detrimental to the company or its shareholders is liable to pay damages. Even if the SE Regulation does not contain a corresponding express provision, the reference contained in Article 9 (1) (c) (ii) of the SE Regulation ensures that a corresponding liability regime also exists in the case of the SE, even if one were to consider Article 51 of the SE Regulation to be inapplicable in this context. The liability of management board members who act in breach of this duty also exists in both legal forms (see Section 117 (2) AktG and Article 51 of the SE Regulation respectively).

(c) Supervisory board

In a SE with a two-tier structure the supervisory organ, which will be referred to as the Supervisory Board at Deutsche Wohnen SE, supervises the management of the company's business by the management organ. Its duties and powers are in essence equivalent to those of the supervisory board of an AG. However, there are some differences of detail, in particular with regard to the internal rules of the organ, which will be described in the following overview.

(i) Size and composition of the supervisory board

The supervisory board of an AG that has its registered seat in Germany and has a share capital of more than EUR 10 million consists of at least 3 and at most 21 members (Section 95 AktG). The German Act on the Codetermination of Employees (*Mitbestimmungsgesetz*; "**MitbestG**") is not applicable, as Deutsche Wohnen AG usually does not employ more than 2,000 domestic employees (see Section 1 (1) no. 2 MitbestG).

(ii) Status proceedings on the composition of the supervisory board

If the supervisory board has not been composed in accordance with the applicable statutory provisions, or if there is any dispute or uncertainty as to which statutory provisions are applicable to the composition of the supervisory board, status proceedings (*Statusverfahren*) pursuant to Sections 97 through 99 AktG must be conducted for the AG. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this equally applies to a SE with a two-tier structure that has its registered seat in Germany; the relevant contractual and statutory regulations are applicable. The applicability of status proceedings may also be derived indirectly from Section 17 (4) SEAG. This provision introduces a SE-specific modification of the relevant provision of the German Stock Corporation Act in that the SE Works Council is also entitled to file an application.

(iii) Personal requirements for supervisory board members

Only natural persons with full legal capacity may be members of the supervisory board of an AG (Section 100 (1) sentence 1 AktG). Since Article 47 (1) of the SE Regulation generally permits a company or other legal entity to be a member of the supervisory board, but only if the law applicable to stock corporations in the member state in which the SE's registered seat is situated does not provide otherwise, it is not possible for legal entities to be members of the Supervisory Board of Deutsche Wohnen SE either (see Section 27 (3) SEAG).

Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the personal requirements stipulated in Section 100 (2) AktG apply to the SE with its registered seat in Germany as well. Thus, the personal requirements for supervisory board members of an AG or a SE are the same.

In particular, since the new regulation has come into force on June 17, 2016, pursuant to Section 100 (5) half sentence 2 AktG, all members of the supervisory board of companies (*Gesellschaften*) within the meaning of Section 264d HGB – which applies to Deutsche Wohnen AG – must be familiar with the sector the company is operating in, as a whole. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this provision of stock corporation law equally applies to Deutsche Wohnen SE.

(iv) Appointment of the Supervisory Board

Pursuant to Section 101 (1) sentence 1 AktG, the members of the supervisory board are elected by the general meeting of shareholders. The members of the supervisory board of the SE will be elected in the same way, in general (see Article 40 (2) sentence 1 SE Regulation). The members

of the first supervisory board, however, can also be appointed by the Articles of Association pursuant to Article 40 (2) sentence 2 SE Regulation.

(v) *Term of office*

Under Section 102 (1) AktG, members of the supervisory board of an AG may not be appointed for a term lasting longer than until the close of the general meeting of shareholders at which the acts of the supervisory board are formally approved for the fourth fiscal year following commencement of their term of office. The fiscal year in which the term of office commences is not counted in this calculation. In a SE, the members of the supervisory organ may be appointed for a period laid down in the articles of association, which must not exceed six years (Article 46 (1) of the SE Regulation), *i.e.* in a SE longer terms of office of supervisory board members are generally possible than in an AG. A reappointment of supervisory board members is permitted in a SE, subject to any restrictions stipulated in the articles of association, just as in an AG.

The provision contained in Section 10 (1) sentences 4 and 5 of the Articles of Association of Deutsche Wohnen SE concerning the term of office of the Supervisory Board members is largely in line with the statutory provisions for an AG and the current situation at Deutsche Wohnen AG. Pursuant to this provision, the members of the Supervisory Board are appointed for a period ending with the close of the general meeting of shareholders, at which the actions of the Supervisory Board are formally approved for the fourth fiscal year following commencement of their term of office, not counting the fiscal year in which their term of office commenced. The Articles of Association of Deutsche Wohnen SE do not contain any restrictions on the reappointment of Supervisory Board members (*cf.* Section 10 (1) sentence 7 of the Articles of Association of Deutsche Wohnen SE).

(vi) *Removal*

Section 103 (1) AktG provides that in an AG supervisory board members elected by the general meeting of shareholders without the latter being bound by nominations may be removed by it prior to the end of their term of office. This resolution requires a majority of at least three quarters of the votes cast. The articles of association may stipulate a different majority or further requirements. Moreover, the competent court must remove a member of the supervisory board upon application of the supervisory board if there is cause relating to the person of the member (Section 103 (3) AktG), with the supervisory board resolving on such an application with simple majority.

Since neither the SE Regulation nor the SEAG contain any provisions governing the removal of supervisory board members, the provisions of German stock corporation law also apply in this case through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, *i.e.* the change of legal form will not result in any changes.

(vii) *Appointment by a court*

The conversion generally does not result in any changes regarding the appointment of supervisory board members by a court. If the supervisory board of an AG does not have the number of members required to constitute a quorum or if the number of members is otherwise insufficient, the court must appoint additional members upon an application by the management board, a supervisory board member or a shareholder (Section 104 AktG).

(viii) *Impossibility to hold seats on both the management board and the supervisory board at the same time*

Both in an AG and in a SE with a two-tier system it is, in general, not possible for an individual to be a member of both the management board and the supervisory board at the same time. Since the supervisory board's function is to supervise the management of the business by the management board, parallel membership in both organs is not possible (Section 105 (1) AktG and Article 39 (3) of the SE Regulation).

(ix) *Internal rules, adoption of resolutions*

The supervisory board of an AG must elect a chairperson and at least one deputy chairperson (Section 107 (1) sentence 1 AktG). Even if under the SE Regulation (Article 42 sentence 1) the supervisory board of a SE is only obliged to elect a chairperson, the supervisory board of a SE that has its registered seat in German must, because of the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, also elect at least one deputy chairperson pursuant to Section 107 (1) sentence 1 AktG. Section 13 (1) of the Articles of Association of Deutsche Wohnen SE provides for the election of a deputy chairperson.

Unless otherwise provided for in the articles of association, the supervisory board of a SE is quorate if at least half of its members are present or represented (Article 50 (1) (a) of the SE Regulation). This is stipulated in Section 11 (4) of the Articles of Association of Deutsche Wohnen SE. Unless otherwise provided for in the articles of association, resolutions are to be passed with the majority of the votes of the members present or represented (Article 50 (1) (b) of the SE Regulation; see Section 11 (6) of the Articles of Association of Deutsche Wohnen SE). Where the supervisory board is composed in line with the principle of equal representation, the chairperson has a casting vote in the event of a tie, without a second round of voting being required, unless stipulated otherwise by the articles of association (Article 50 (2) of the SE Regulation). Section 11 (6) sentence 3 of the Articles of Association of Deutsche Wohnen SE stipulates that the vote of the chairperson of the supervisory board is decisive in accordance with Article 50 (2) sentence 1 of the SE Regulation.

The SE Regulation does not provide for regulations concerning the establishment of committees. However, the establishment of committees corresponds to good Corporate Governance and the practice at Deutsche Wohnen AG. The supervisory board of Deutsche Wohnen SE may delegate certain decision-making powers to committees to the extent permitted by law. This is clarified by the provision in Section 10 (6) of the Articles of Association of Deutsche Wohnen SE. Committees of the Supervisory Board of Deutsche Wohnen SE shall have a quorum, if at least three members take part in the voting. This corresponds to the legal situation at Deutsche Wohnen AG. The Supervisory Board of Deutsche Wohnen SE will establish new committees in its inaugural meeting.

(x) *Calling of supervisory board meetings*

With regards to the convocation of Supervisory Board meetings, there are no differences between Deutsche Wohnen AG and Deutsche Wohnen SE. Since neither the SE Regulation nor the SEAG contain any provisions on the calling of supervisory board meetings, the provision of Section 110 AktG that is applicable to AGs also applies to SEs through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. Pursuant to Section 110 (1) AktG, each supervisory board member or the management board may request that the chairperson of the supervisory board call a meeting of the supervisory board without undue delay, stating the purpose and reasons of such request. If this meeting is not held within two weeks, another meeting of the supervisory board may be called by the supervisory board member or by the management board itself.

Pursuant to Section 110 (3) sentence 1 AktG, the supervisory board of a listed company must meet at least twice in each calendar half-year. The same applies to the SE through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation.

(xi) *Duties and rights of the supervisory board*

The primary duty of the supervisory board of an AG is to supervise the management of business by the management board (Section 111 (1) AktG). This is in line with the description of the duties of the supervisory organ of a SE as set out in Article 40 (1) sentence 1 of the SE Regulation.

The supervisory organ of a SE may not itself manage the business of the company (Article 40 (1) sentence 2 of the SE Regulation). This is no different from the situation in an AG, where business management functions may not be transferred to the supervisory board (Section 111 (4) sentence 1 AktG).

However, both in an AG and in a SE certain transactions may only be effected with the approval of the supervisory board. In an AG, these transactions may be listed in the articles of association, although this is not mandatorily required; instead, it is also sufficient if the supervisory board determines such transactions elsewhere, for example in rules of procedure (Section 111 (4) sentence 2 AktG). The provisions applicable to SEs are stricter in this regard, because here a list of transactions requiring approval must mandatorily be contained in the articles of association (Article 48 (1) sentence 1 of the SE Regulation).

This is the reason why the Articles of Association of Deutsche Wohnen SE – in contrast to the existing Articles of Association of Deutsche Wohnen AG – contain a list of business management measures requiring approval in Section 9 (1). Measures corresponding to those set out in Section 9 (1) of the Articles of Association of Deutsche Wohnen SE can already be found in a list of transactions requiring approval that has been resolved on by the Supervisory Board of Deutsche Wohnen AG. If the supervisory board refuses its approval to a particular measure, the management board may, according to the appropriate view in the legal literature, request that the general meeting of shareholders passes a resolution on the approval. Although neither the SE Regulation nor the SEAG contain any provision that corresponds to Section 111 (4) sentences 3 through 5 AktG, this provision must be deemed applicable to a SE because of the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. The fact that a list of transactions requiring approval is included in the articles of association of a SE does not rule out the possibility that the supervisory board may specify further types of transactions that require its approval in a document other than the articles of association on the basis of the authorization conferred in Section 19 SEAG. Therefore, Section 9 (2) of the Articles of Association of Deutsche Wohnen SE stipulates that the Supervisory Board shall determine categories of transactions that require the prior authorization by the Supervisory Board in accordance with mandatory law and the Articles of Association in addition to the transactions stipulated in Section 9 (1).

Because of its comprehensive supervisory function, the supervisory board is granted extensive monitoring rights both in an AG and in a SE in order to ensure that it can fulfill its monitoring duties. The German Stock Corporation Act expressly stipulates that the supervisory board may inspect and examine the books and records of the company and its assets (Section 111 (2) sentence 1 AktG). Article 41 (4) of the SE Regulation also states for the SE that the supervisory organ may undertake or arrange for any investigations necessary for the performance of its duties. The power of the supervisory board to call a general meeting of shareholders with simple majority if the interests of the company so require (Section 111 (3) AktG) also exists in a SE that has its registered seat in Germany as a result of Article 54 (2) of the SE Regulation, which refers to corresponding powers at stock corporations established under national law.

Apart from the fact that a list of transactions requiring approval must now mandatorily be

contained in the Articles of Association of Deutsche Wohnen SE, there are no differences between Deutsche Wohnen AG and Deutsche Wohnen SE with regards to the duties and rights of the Supervisory Board.

(xii) Duties of care and confidentiality

In performing their function the members of the supervisory board must apply the care of a prudent and conscientious member of such an organ (Section 116 sentence 1 in conjunction with Section 93 (1) sentence 1 AktG). The supervisory board members are in particular obliged to keep confidential all confidential reports obtained and all confidential discussions (Section 116 sentence 2 AktG). In particular, they are obliged to pay damages if they determine inappropriate remuneration for the management board (Section 116 sentence 3 AktG). As a result of the reference contained in Article 51 of the SE Regulation, this measure of liability also applies to the members of the supervisory board of a SE that has its registered seat in Germany. The duty of confidentiality incumbent on the members of the supervisory board of a SE is expressly stipulated in Article 49 of the SE Regulation. This provision states that the members of the supervisory board must not, even after they have ceased to hold office, divulge any information concerning the SE the disclosure of which might be detrimental to the company's interests, except where such disclosure is required or permitted under the provisions of national stock corporation law or – to quote the SE Regulation verbatim – “is in the public interest”. Even if the SE Regulation – in contrast to the German Stock Corporation Act – specifically mentions that the duty of confidentiality continues after the end of the term of office, this does not represent any essential change because in German stock corporation law, too, the continuation of the duty of confidentiality after the end of the term of office is generally acknowledged. The duties of the Supervisory Board members of Deutsche Wohnen SE are thus equivalent to those of the Supervisory Board members of Deutsche Wohnen AG.

(xiii) Representation of the company vis-à-vis the management board members

As in an AG, the supervisory board of a SE also represents the company vis-à-vis the members of the management board in and out of court (Article 9 (1) (c) (ii) of the SE Regulation in conjunction with Section 112 AktG).

(xiv) Remuneration of supervisory board members, agreements with supervisory board members, granting of loans to supervisory board members

Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the provisions of the German Stock Corporation Act concerning the remuneration of supervisory board members, agreements with supervisory board members and the granting of loans to supervisory board members (Sections 113 through 115 AktG) also apply to a SE. The provisions concerning the remuneration of the Supervisory Board of Deutsche Wohnen SE are laid down in the Articles of Association in Section 10 (7) and will correspond to the provision of the Articles of Association of Deutsche Wohnen AG at the time of conversion.

(d) General meeting of shareholders

(i) Rights of the general meeting of shareholders

The shareholders of an AG exercise their rights relating to the affairs of the company at the general meeting of shareholders unless stipulated otherwise by law (Section 118 (1) AktG). The members of the management board and the supervisory board are to attend the general meeting

of shareholders (Section 118 (3) AktG). Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this also applies to a SE. Accordingly, the conversion of Deutsche Wohnen AG to a SE does not result in any changes in this regard.

The general meeting of shareholders of a SE that has its registered seat in Germany resolves on matters for which the general meeting of shareholders of a German AG is given responsibility either under national statutory provisions or by virtue of the articles of association; this comprises in particular the appointment of members of the supervisory board, the appropriation of retained earnings, the granting of formal approval of the acts of the members of the management and supervisory boards, the appointment of the auditors, amendments to the articles of association, measures affecting the capital (capital increases and reductions) including the creation of authorized and conditional capital, the appointment of auditors to examine processes relating to formation or management and the winding-up of the company (Section 119 (1) AktG, Article 52 of the SE Regulation).

The general meeting of shareholders of an AG as well as of a SE that has its registered seat in Germany may only decide on matters relating to the management of the company if requested to do so by the management board (Section 119 (2) AktG, Article 52 of the SE Regulation). According to a ruling by the German Federal Supreme Court (*Bundesgerichtshof*), exceptions apply in the case of structural measures which formally fall within the management competence of the management board but which resemble an amendment to the articles of association and fundamentally affect the shareholders' rights. Deutsche Wohnen AG assumes that this principle also applies to a SE that has its registered seat in Germany (see Article 52 of the SE Regulation), so that the conversion of Deutsche Wohnen AG to a SE will not result in any changes in this regard.

Pursuant to Section 120 (4) AktG the general meeting of shareholders of a listed AG may resolve on the approval of a management board remuneration system. The resolution creates neither rights nor obligations; in particular it does not affect the obligations of the supervisory board under Section 87 AktG. The resolution cannot be contested in accordance with Section 243 AktG. Because of the reference contained in Article 52 sentence 2 and Article 9 (1) (c) (ii) of the SE Regulation, these provisions also apply to a SE that has its registered seat in Germany.

The general meeting of shareholders of an AG as well as of a SE that has its registered seat in Germany is further responsible for authorizing the management board to acquire and use own shares pursuant to Section 71 (1) no. 8 AktG, for issuing authorizations to issue convertible bonds, income bonds and profit-sharing rights pursuant to Section 221 AktG and for taking measures under conversion law as set out in the German Conversion Act (such as mergers, spin-offs, asset transfers or changes of legal form).

In addition, Article 52 of the SE Regulation stipulates that the general meeting of shareholders of a SE decides on matters for which it is given sole responsibility by the SE Regulation or by any legislation of the member state in which the SE has its registered seat that was adopted in implementation of Directive 2001/86/EC (the SE Employee Involvement Directive). This includes in particular the transfer of registered seat (Article 8 of the SE Regulation) and the reconversion to a stock corporation under national law (Article 66 (6) of the SE Regulation). No reconversion may be resolved on before two years have elapsed since the registration of the SE or before the first two sets of annual financial statements have been approved.

(ii) *Formal approval of the acts of the management board and supervisory board*

The general meeting of shareholders of an AG held within the first eight months of the fiscal year will resolve on the formal approval of the acts of the management board and supervisory board.

By this resolution the general meeting of shareholders approves the administration of the company by the members of the management board and the supervisory board (see Section 119 (1) no. 3 and Section 120 AktG).

Through the reference contained in Articles 52 and 53 of the SE Regulation, these provisions of German stock corporation law generally also apply to a SE without limitation. The only difference is that the time period after the end of the fiscal year during which the general meeting of the shareholders of a SE must be held is six months (*cf.* Article 54 (1) of the SE Regulation).

(iii) Calling of the general meeting of shareholders

General meetings of shareholders of a SE may be called at any time by the management board or the supervisory board in accordance with the national law applicable to stock corporations in the member state in which the SE's registered seat is situated (Article 54 (2) SE Regulation). The sole difference is that pursuant to Section 120 (1) sentence 1 AktG the ordinary general meeting of shareholders of an AG must take place within the first eight months after the end of a fiscal year, while pursuant to Article 54 (1) sentence 1 of the SE Regulation this period is shortened to six months for a SE.

(iv) Calling of the general meeting of shareholders at the request of a minority, additions to the agenda at the request of a minority

A general meeting of shareholders of an AG is to be called if shareholders collectively holding at least 5% of the capital stock so request in writing, stating the purpose and reasons (Section 122 (1) AktG). The shareholders must show that they have held their shares for at least 90 days before the date of the receipt of the request and that they will continue to hold the shares until such time as a decision has been made concerning the request (*i.e.* until the date of authorization by the court or until the general meeting of shareholders is called by the management board) (Section 122 (1) sentence 3). In the same manner, shareholders collectively holding 5% of the capital stock or a pro rata portion of capital stock equaling at least EUR 500,000 may request that additional items for resolution by the general meeting of shareholders be published (Section 122 (2) AktG). If the request is not complied with, the court may authorize the shareholders who submitted the request to call a general meeting of shareholders or to publish the relevant item for resolution (Section 122 (3) sentence 1 AktG). The articles of association may link the right to request a general meeting of shareholders to other formal requirements or to the holding of a smaller portion of the capital stock (*cf.* Section 122 (1) sentence 2 AktG).

The calling of the general meeting of shareholders of a SE and the preparation of an agenda may be requested by one or more shareholders holding at least 5% of the capital stock (Article 55 (1) of the SE Regulation, Section 50 (1) SEAG). The request that a general meeting of shareholders be called must state the items to be put on the agenda (Section 55 (2) of the SE Regulation). Upon receiving such an application the court may authorize the shareholders to call a general meeting of shareholders if such meeting has not been called at the latest within two months after the calling request was submitted (Article 55 (3) of the SE Regulation). Contrary to the German stock corporation-law provision contained in Section 122 (1) sentence 3 AktG, the rules governing SEs do not contain a 90 days minimum holding requirement for submitting a request.

The addition of one or more items to the agenda for a general meeting of shareholders of a SE may be requested by one or more shareholders holding at least 5% of the capital stock or a pro rata portion of capital stock equaling at least EUR 500,000 (Article 56 of the SE Regulation, Section 50 (2) SEAG). The procedures and deadlines are as set out in national law, *i.e.* in this case in the SEAG and in Sections 122 ff. AktG (see Article 56 sentence 2 of the SE Regulation in

conjunction with Section 50 SEAG). Again, contrary to the German stock corporation-law provision contained in Section 122 (1) sentence 3 and (2) sentence 1 AktG, the rules governing SEs do not contain a 90 days minimum holding requirement for submitting a request for an addition of items to the agenda.

In the final analysis, the SE Regulation and the SEAG essentially mirror the provisions of the German Stock Corporation Act, which means that the conversion of Deutsche Wohnen AG to a SE will not result in any fundamental changes. In view of the fact that no minimum holding period is required for the shares before a request may be submitted, the rules applicable to SEs are more advantageous to shareholders.

(v) *Organization of and proceedings at general meetings of shareholders*

As regards the organization of and proceedings at the meeting the SE Regulation generally refers to the national provisions for stock corporations (Article 53 SE Regulation). Consequently there are no changes in terms of the organization of and proceedings at the general meeting of shareholders of a SE as compared to an AG. In particular, the provisions of the German Stock Corporation Act concerning conducting the meeting, including the option to restrict the right to speak and ask questions, also apply to a SE.

The rules governing the information, notifications and publications to be provided or made in the calling notice and in connection with the calling of a meeting (Section 121 (3) and (4a), Section 124 (1) and Section 124a AktG) as well as the option to participate online (Section 118 (1) sentence 2 AktG) or to vote by post (Article 118 (2) AktG), which may be provided for in the articles of association or which the articles of association may authorize the management board to adopt, also apply to the SE in the same way as to the AG.

(vi) *Right of the shareholders to speak and ask questions at the general meeting of shareholders*

As regards the right of shareholders to speak and ask questions, there are no differences between Deutsche Wohnen AG and Deutsche Wohnen SE. In an AG, the management board must inform every shareholder at the general meeting of shareholders upon request about the affairs of the company, insofar as such information is necessary in order to make an informed judgment on an agenda item. In this context there is no requirement of a particular minimum holding in the capital of the company. The details of the right to request information and on the powers to restrict the right to speak and ask questions as well as the power to refuse to provide information may be derived from Section 131 AktG. For a SE that has its registered seat in Germany, this provision applies through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. The right of the shareholders of Deutsche Wohnen AG to speak and ask questions therefore remains unchanged by the conversion of the company to a SE.

(vii) *Rules of procedure for the general meeting of shareholders*

The general meeting of shareholders of an AG may adopt rules of procedure setting out provisions for the preparation and conducting of the general meeting of shareholders if so agreed by a majority of at least three quarters of the capital stock represented when the resolution was adopted (Section 129 (1) sentence 1 AktG). Through the reference contained in Article 53 of the SE Regulation, this authorization also applies to a SE. However, in the case of a SE the resolution is to be passed with three quarters of the votes cast rather than three quarters of the capital stock represented. This is due to the fact that the provisions of the SE Regulation that deal with voting only refer to the majority of votes and not also to the majority of capital stock (see Article 57 and 59 of the SE Regulation). As a result, the provisions of the German Stock Corporation Act that require a majority of capital stock (besides Section 129 AktG these

provisions for example include Section 179 (2) sentence 1, Section 182 (1) sentence 1, Section 293 (1) sentence 2 AktG) must be applied to a SE in such a manner that a majority of votes will suffice. For a German SE this is without any practical relevance since there are no multiple-vote shares, and thus the majority of capital stock is always also a majority of votes.

(viii) Simple resolutions of the general meeting of shareholders (no amendment to the articles of association)

The resolutions of the general meeting of shareholders of an AG require a majority of the votes cast (simple majority of votes) unless a larger majority is required, or further requirements are stipulated, by law or by the articles of association (Section 133 (1) AktG). The German Stock Corporation Act imposes further requirements for resolutions that cannot be reduced by articles of association, namely a majority of at least three quarters of the capital stock represented when the resolution is adopted, in particular where the shareholders' subscription rights are to be excluded by the general meeting of shareholders or the management board is to be authorized by the general meeting of shareholders to exclude subscription rights. They also exist, however, for the approval of the general meeting of shareholders of the AG to conversion measures or intercompany agreements.

As regards the majority requirements, the SE Regulation distinguishes between simple resolutions and resolutions amending the articles of association. Article 57 of the SE Regulation stipulates that save where the SE Regulation or, failing that, the law applicable to stock corporations in the member state in which a SE's registered seat is situated requires a larger majority, simple resolutions will be adopted at the general meeting of shareholders by a majority of the valid votes cast. In line with Article 57 of the SE Regulation, Section 14 (3) of the Articles of Association of Deutsche Wohnen SE stipulates that resolutions of the General Meeting of Shareholders of Deutsche Wohnen SE will be adopted with a majority of votes cast, and, as far as a capital majority is required, with a simple majority of the share capital, unless another majority is required by mandatory law or the Articles of Association; in view of the wording of Article 57 of the SE Regulation, any increased majority requirements set out in the Articles of Association may only relate to amendments of the Articles of Association, because the option to prescribe majority requirements in the Articles of Association that go beyond those stipulated by law only exists in this context. The provisions of the German Stock Corporation Act that require a majority of capital stock (besides Section 129 AktG these provisions for example include Section 179 (2) sentence 1, Section 182 (1) sentence 1, Section 186 (3), Section 293 (1) sentence 2 AktG) must be applied to a SE in such a manner that the corresponding majority of votes will be required or suffice. For a German SE this is without any practical relevance since there are no multiple-vote shares, and thus the majority of capital stock is always also a majority of votes.

Consequently, the conversion of Deutsche Wohnen AG to a SE does not result in any fundamental change to the principle applicable to Deutsche Wohnen AG under Section 133 AktG of a simple majority of votes for resolutions of the general meeting of shareholders that do not amend the Articles of Association. Where the German Stock Corporation Act or the Conversion Act determine that further resolution requirements, namely a majority of at least three quarters of the capital stock represented when the resolution is adopted, cannot be reduced by the articles of association, a corresponding majority of votes that cannot be reduced by the articles of association also applies in the case of a SE that has its registered seat in Germany, so that in this regard, too, the conversion to a SE does not result in any factual changes.

(ix) *Resolutions of the general meeting of shareholders to amend the articles of association*

Any resolutions of an AG amending the articles of association require a majority of at least three quarters of the capital stock represented when the resolution was adopted, as well as a simple majority of votes (Sections 179 (1) and (2), 133 AktG). The articles of association may set out other majority requirements, but for a change of the corporate purpose only a larger majority of capital stock is permitted (Section 179 (2) sentence 2 AktG). Where the amendment to the articles of association contains an exclusion of subscription rights and/or a corresponding authorization of the management board, especially in connection with authorized capital, at least the majority of three quarters of the capital stock represented in the vote as stipulated in Section 186 (3) AktG is required in addition to the simple majority of votes.

An amendment to the articles of association of a SE requires a resolution by the general meeting of shareholders adopted with a majority of no less than two thirds of the votes cast, unless the law applicable to stock corporations in the member state in which a SE's registered seat is situated requires or permits a larger majority (Article 59 (1) of the SE Regulation). A member state may, however, provide that where at least half of a SE's subscribed capital is represented, a simple majority of votes will suffice for amendments to the articles of association (Article 59 (2) of the SE Regulation). The German legislature has made use of this authorization: Pursuant to Section 51 SEAG the articles of association may stipulate that the simple majority of the votes cast will suffice for a resolution of the general meeting of shareholders amending the articles of association provided that at least half of the capital stock is represented. This does not, however, apply in the case of an amendment of the corporate purpose, a resolution pursuant to Article 8 (6) of the SE Regulation or to cases in which a greater majority of capital stock is mandatorily prescribed by German law.

Section 14 (3) sentence 2 of the Articles of Association of Deutsche Wohnen SE stipulates that usually a majority of two-thirds of the votes cast is required or, if at least half of the share capital is represented, the simple majority of the votes cast, unless mandatory legal provisions require another majority. This means that generally a majority of three quarters is required, with the number of votes cast now serving as the reference basis as opposed to the capital stock represented. Accordingly, the conversion of Deutsche Wohnen AG does not result in any factual changes in this regard. In those cases where the German Stock Corporation Act prescribes a simple majority for amendments to the articles of association (Section 97 (2) sentence 4, Section 113 (1) sentence 4 AktG) this also generally applies to Deutsche Wohnen SE; however, owing to Article 59 (2) of the SE Regulation, this is the case only if at least half of the stock capital is represented (see Section 14 (3) sentence 2 of the Articles of Association of Deutsche Wohnen SE). In the absence of such quorum, the majority of two thirds as required pursuant to Article 59 (1) of the SE Regulation is required in this context.

Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, Section 179 (1) sentence 2 AktG also applies to the SE, which means that in the SE, too, the general meeting of shareholders may transfer the power to amend the articles of association, insofar as such amendments only concern their wording, to the supervisory board. In Section 10 (5), the Articles of Association of Deutsche Wohnen AG contain such an authorization, which was also incorporated in Section 14 (5) of the Articles of Association of Deutsche Wohnen SE.

(x) *Special audit*

Through the references in Article 9 (1) (c) (ii) and Article 52 sentence 2 of the SE Regulation the German stock corporation-law provisions concerning special audits (Sections 142, 258 AktG) also apply to the SE, so that the conversion to a SE does not result in any changes for the

shareholders in this respect.

(xi) *Claims for damages against organs of the company, shareholder actions*

Neither the SE Regulation nor the SEAG contain provisions on the assertion of claims for damages or on shareholder actions. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the provisions of the German Stock Corporation Act (Sections 147 ff. AktG) therefore apply. Consequently, the conversion of Deutsche Wohnen AG to a SE will not result in any changes in this respect.

4.6 Annual financial statements, group annual financial statements

The change of legal form does not result in any changes as regards the preparation of the annual financial statements and the group annual financial statements including the pertaining management reports and the audit and disclosure of the financial statements. Pursuant to the express provision contained in Article 61 of the SE Regulation, the law of the member state in which the registered seat of the SE is situated applies to the SE. In addition, the provisions of the German Stock Corporation Act and/or the Commercial Code apply through Article 9 (1) (c) (ii) and/or Article 52 sentence 2 of the SE Regulation.

4.7 Measures to obtain and reduce capital

With regards to measures to obtain or reduce capital, the provisions of German stock corporation law generally apply to the SE.

4.8 Invalidity of resolutions by the general meeting of shareholders and of the adopted annual financial statements, special audit due to illegitimate undervaluation

(a) *Invalidity or contestability of resolutions by the general meeting of shareholders*

No special provisions exist for the SE with regard to the invalidity and/or contestability of resolutions by the general meeting of shareholders (in the German Stock Corporation Act the relevant provisions are contained in Sections 241 through 255). Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the corresponding provisions of the German Stock Corporation Act are generally also relevant to Deutsche Wohnen SE.

(b) *Invalidity of the annual financial statements adopted*

The conversion to a SE will not result in any changes as regards the invalidity of the annual financial statements adopted because the provisions of German stock corporation law concerning the invalidity of the annual financial statements adopted (Sections 256, 257 AktG) apply through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation.

(c) *Special audit due to illegitimate undervaluation*

The rules governing special audits due to illegitimate undervaluation (Sections 258 through 261a AktG) also apply to the SE through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. Accordingly the conversion to a SE does not result in any changes in this regard either.

4.9 Dissolution and declaration of annulment of the company

With regards to the dissolution, liquidation, inability to pay, cessation of payments and similar

procedures, a SE is governed by the legal provisions which would apply to a stock corporation formed in accordance with the law of the member state in which its registered seat is situated, including the provisions relating to the adoption of resolutions by the general meeting of shareholders (Article 63 of the SE Regulation). In this respect there are no differences between Deutsche Wohnen AG and Deutsche Wohnen SE. However, any cross-border transfer of the registered seat of the SE to another member state would not trigger the winding-up of the company because Article 8 of the SE Regulation permits such a transfer.

The provisions governing the winding-up of an AG by decree of court (Sections 396 through 398 AktG) are applicable to a SE that has its registered seat in Germany through the references contained in Article 9 (1) (c) (ii) of the SE Regulation and Article 63 of the SE Regulation, so that the conversion of Deutsche Wohnen AG to a SE will not result in any changes in this regard.

4.10 Affiliated entities

No separate provisions governing groups of companies have been developed in connection with the SE. According to the prevailing opinion, the national law governing groups of companies is to apply to a SE that has its registered seat in Germany. In terms of the law governing groups of companies, there are no differences between the AG and the SE.

4.11 Provisions on punishments and fines

Finally, the provisions on punishments and fines set out in Sections 399 ff. AktG also apply to a SE that has its registered seat in Germany. This is stipulated by Section 53 SEAG, which also contains the necessary adjustments. There are no differences between Deutsche Wohnen AG and Deutsche Wohnen SE in this respect either.

4.12 German Corporate Governance Code

Under Section 161 AktG, the management board and the supervisory board of a German listed stock corporation must declare once a year that it has complied and continues to comply with the recommendations of the "Government Commission of the German Corporate Governance Code" published by the Federal Ministry for Justice in the official section of the German Federal Gazette, and which recommendations have not been or will not be applied, and why not. The declaration must be made permanently available to the shareholders. The German Corporate Governance Code, which as a rule is updated annually by the Government Commission, sets out rules for the management and supervision of stock corporations. In part it quotes existing provisions of applicable law, but in part it also contains proposals that are divided into recommendations and suggestions. Neither the recommendations nor the suggestions have force of law and are thus of a non-binding nature; however, companies must issue a declaration of conformity every year which expressly states whether there were or are any deviations from recommendations and if so, from which recommendations, and why this was or is the case. The most recent declaration of this type was issued by Deutsche Wohnen AG in December 2016 and may be accessed on the website of Deutsche Wohnen AG. The obligation to issue such a declaration is also incumbent on the Management Board and Supervisory Board of Deutsche Wohnen SE. The rules governing the SE, in particular the SEAG, do not contain an explicit requirement to this effect, but Section 161 AktG also applies to the SE through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation.

§ 5

IMPLEMENTATION OF THE CONVERSION OF DEUTSCHE WOHNEN AG INTO DEUTSCHE WOHNEN SE

The following outlines the implementation of the conversion involving the change of legal form of Deutsche Wohnen AG to Deutsche Wohnen SE. The conversion requires that the General Meeting of Shareholders approves this measure on the basis of the Conversion Plan dated April 19, 2017 and the Articles of Association of Deutsche Wohnen SE. The conversion will become effective upon registration in the commercial register for the company, the commercial register at the Local Court of Frankfurt am Main (*cf.* Article 16 (1) SE Regulation).

5.1 Preparation of the Conversion Plan

Pursuant to Article 37 (4) of the SE Regulation, the Management Board of Deutsche Wohnen AG is required to prepare a Conversion Plan. The Conversion Plan was prepared by the Management Board of Deutsche Wohnen AG in notarized form on April 19, 2017. Article 37 (4) of the SE Regulation does not set out any specific requirements as to the contents of the Conversion Plan. The SEAG also does not determine any minimum contents.

When preparing the Conversion Plan, the Management Board took the provisions for a merger plan to be prepared in connection with the formation of a SE (*cf.* Article 20 of the SE Regulation) as a basis, insofar as this was deemed appropriate (*e.g.* information on the name and the registered seat of the company, special rights, special privileges for certain groups of persons, the Articles of Association of the SE as well as information on the procedure for the involvement of employees). The Management Board has also observed the requirements for a conversion resolution under German law (Sections 193 ff. UmwG) insofar as this was deemed appropriate (*e.g.* information on the implications of the change of legal form for the employees and the representative bodies of the employees).

The Conversion Plan, including the Articles of Association of Deutsche Wohnen SE attached hereto as annex, will be made available to the shareholders on the Internet at www.deutsche-wohnen.com and will be available for inspection during the General Meeting of Shareholders. The Conversion Plan and the Articles of Association are both explained in more detail in Section 6 of this Report.

The Supervisory Board of Deutsche Wohnen AG discussed and approved the conversion project and the conversion. In its meeting on April 7, 2017 the Supervisory Board approved the Conversion Plan including the Articles of Association of Deutsche Wohnen SE and passed the resolution proposal for the General Meeting of Shareholders of Deutsche Wohnen AG on June 2, 2017.

5.2 Conversion audit

Pursuant to Articles 3 and 15 (1) of the SE Regulation in conjunction with Section 32 AktG, the founding shareholders are required to submit a report on the procedure for forming the SE. In deviation from the legal principle of Section 75 (2) UmwG, however, it may be concluded that a formation report is not necessary in the event of a conversion if the change of legal form is effected from a company limited by shares to another company limited by shares. Section 75 (2) UmwG provides that a formation report and a formation audit are not necessary in the event of a merger if the transferring legal entity is a company limited by shares. Since Deutsche Wohnen AG, as a company limited by shares, is to be converted to a SE, which is also a company limited by shares, a formation report therefore does not have to be submitted. A formation audit by external auditors pursuant to Article 15 (1) of the SE Regulation in conjunction with

Section 33 (2) AktG is also not necessary, since the aforementioned legal principle as laid down in Section 75 (2) UmwG applies accordingly.

For reasons of legal precaution, however, an internal formation audit will be carried out by the members of the Management Board and Supervisory Board of Deutsche Wohnen SE (cf. Article 15 (1) of the SE Regulation in conjunction with Section 33 (1) AktG) once these corporate bodies have been set up.

Pursuant to Article 37 (6) of the SE Regulation, one or more independent experts must certify, before the resolution on the conversion to a SE is adopted by the General Meeting of Shareholders of Deutsche Wohnen AG, that the company has net assets at least equivalent to its capital stock plus those reserves which must not be distributed under the law or the Articles of Association. The Local Court of Frankfurt am Main appointed Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Berlin branch, as independent expert ("**Conversion Auditor**") by order dated March 24, 2017. The Conversion Auditor began the audit on March 28, 2017 and issued the certificate in accordance with Article 37 (6) of the SE Regulation on April 20, 2017. The certificate of the Conversion Auditor concludes with the following statement:

“After the final result of our proper examination pursuant to Article 37 (6) of the SE Regulation, we confirm on the basis of the documents, books and records presented to us as well as on the basis of the statements and evidence provided to us and on the basis of the contemplations and methods described in this report, that Deutsche Wohnen AG has net assets at least in the amount of its issued capital plus reserves which are non-distributable under the law or the statutes.”

The certificate of the Conversion Auditor will be made available to the shareholders on the Internet at www.deutsche-wohnen.com in the segment investor relations and will be available for inspection during the General Meeting of Shareholders.

5.3 Publication

Pursuant to Article 37 (5) of the SE Regulation in conjunction with the statutory provisions which implement Section 3 of the Publicity Directive (Directive 68/151/EEC) in German law, the Conversion Plan and the Conversion Report have to be publicized at least one month prior to the General Meeting of Shareholders called upon to decide thereon. The Management Board of Deutsche Wohnen AG will submit both documents to the commercial register of the Local Court of Frankfurt am Main for the purpose of publication in due time.

The Conversion Plan and the Conversion Report will also be sent to the competent works council pursuant to Section 194 (2) UmwG in due time.

5.4 General Meeting of Shareholders of Deutsche Wohnen AG

Pursuant to Article 37 (7) of the SE Regulation, the Conversion Plan and the Articles of Association require the approval of the General Meeting of Shareholders of Deutsche Wohnen AG. The first auditor of Deutsche Wohnen SE, KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin, will also be appointed in the context of the Conversion Plan.

Pursuant to the reference contained in Article 37 (7) sentence 2 of the SE Regulation to Section 65 UmwG, the resolution of the General Meeting of Shareholders requires a majority, which includes, in addition to the simple majority of votes, also at least three quarters of the capital stock represented at the time the resolution is adopted.

5.5 Procedure for the involvement of employees in Deutsche Wohnen SE

In order to secure the rights acquired by the employees of Deutsche Wohnen AG with regards to their involvement in company decisions, a procedure for the involvement of employees in the future Deutsche Wohnen SE is to be conducted in connection with the conversion of Deutsche Wohnen AG to a SE in accordance with the statutory requirements. Generally, the aim of such a procedure is to negotiate and possibly conclude a possible agreement on employee involvement in Deutsche Wohnen SE, which in particular governs the procedure for informing and consulting employees either by setting up a SE Works Council or by other means to be agreed with the management of the company. In the event of a conversion involving a change of legal form, as in the case of Deutsche Wohnen AG, at least the same level of employee rights existing at the AG that is changing its legal form must be ensured in respect of all elements of employee involvement.

In order to conduct negotiations, the employees shall form a special negotiating body (*besonderes Verhandlungsgremium*; “**BVG**”) which may negotiate the involvement of employees with the management. In accordance with the statutory provisions, negotiations between the management and the BVG on an Agreement on Employee Involvement begin with the establishment of the BVG and may last up to six months, subject to an extension by joint agreement of up to one year in total. If an Agreement on Employee Involvement has not been concluded within this six-month negotiation period (which can be extended to up to one year by mutual agreement) and a decision pursuant to Section 16 SEBG is not made, the statutory fallback provisions (Sections 22 *et seq.* SEBG) will apply.

5.6 Registration of the conversion to Deutsche Wohnen SE

The change of legal form of Deutsche Wohnen AG to the SE takes effect upon its registration in the commercial register of the Local Court of Frankfurt am Main (*cf.* Article 16 (1) SE Regulation). It is not possible to reliably predict the timing of the registration of the change of legal form. The registration could be delayed in particular if shareholders of Deutsche Wohnen AG bring an action in court for avoidance of the approval resolution of the General Meeting of Shareholders which is scheduled for June 2, 2017. Such court action may be brought within one month after the resolution is passed. In the event that an action for avoidance or a nullity action is filed, such action – irrespective of its prospects of success – generally prevents the change of legal form being registered in the commercial register (*Registersperre*).

However, Deutsche Wohnen AG would in such case be able to effect a court order by way of the so-called approval proceedings pursuant to Article 15 (1) of the SE Regulation in conjunction with Sections 198 and 16 (3) UmwG, determining that initiation of such action does not constitute an obstacle to registration in the commercial register. An order of this kind will be issued if (i) the action is inadmissible or manifestly unfounded, or (ii) the claimant has failed to furnish documentary evidence within one week from the date on which the application was served proving that he or she has held a pro-rata share of the stock capital amounting to at least EUR 1,000.00 since the calling notice of the meeting was published, or (iii) granting immediate effect to the conversion appears to take precedence because the court finds at its free discretion that the material disadvantages to Deutsche Wohnen AG and its shareholders, as depicted by the applicant, outweigh the disadvantages to the respondent, except where the case involves a particularly severe infringement of rights. In all these three cases, registration of the conversion would be affected despite the action having been filed against the validity of the resolution.

In addition, a SE may only be registered in the commercial register after the procedure for the involvement of employees has been completed (Section 8 of the Conversion Plan and the relevant explanations in Section 6.1 lit. (h) of this Report). It is not possible to reliably predict the

duration of the involvement process of employees in Deutsche Wohnen SE.

The Articles of Association of the future Deutsche Wohnen SE may not conflict at any time with an agreement on Employee Involvement (Article 12 (4) of the SE Regulation). In the event of such conflict, the Articles of Association must be amended by resolution of the General Meeting of Shareholders of Deutsche Wohnen AG to the extent necessary. The conversion of Deutsche Wohnen AG in Deutsche Wohnen SE will be effective only after the amendment of the Articles of Deutsche Wohnen AG has been registered with the commercial register.

Once all conditions for registration have been met, the change of legal form, *i.e.* the SE, will be registered in the commercial register at the registered seat of the company, *i.e.* in the commercial register at the Local Court of Frankfurt am Main. Upon registration in the commercial register, the SE acquires its status as a legal person (*cf.* Article 16 (1) of the SE Regulation). The principle of the identity of legal entity applies however, so that Deutsche Wohnen AG does not cease to exist but only changes its legal form.

The members of the Management Board of the SE must be named in the application for registration of the change of legal form (Section 246 (2) UmwG). The members of the Management Board must be appointed in advance by the Supervisory Board of the SE to be founded and must provide the required affirmations pursuant to Sections 37 (2) and 76 (3) sentences 3 and 4 AktG.

Deutsche Wohnen SE comes into existence upon registration in the commercial register. Due to the identity being maintained between Deutsche Wohnen AG and Deutsche Wohnen SE (see Article 37 (2) of the SE Regulation) it is to be assumed that no pre-SE exists. In any event, the shareholders of Deutsche Wohnen SE are not subject to any founder's liability. However, it should be noted that all persons performing legal acts in the name of the SE before registration of Deutsche Wohnen SE are jointly and severally liable on an unrestricted basis; Article 16 (2) of the SE Regulation also applies for formation by change of legal form. This liability is not triggered when acting in the name of Deutsche Wohnen AG since this does not constitute acting in the name of Deutsche Wohnen SE. Deutsche Wohnen AG can therefore continue its normal operations in the time prior to registration of the change of legal form to SE despite the liability of the persons involved (*Handelndenhaftung*).

5.7 Establishment of the first Supervisory Board, appointment of the Management Board

Once the conversion has taken effect, the terms of office of the current Management and Supervisory Board members of Deutsche Wohnen AG will end. However, the members of the Management Board of the SE have to be appointed by the first Supervisory Board of the future Deutsche Wohnen SE prior to the conversion taking effect.

The Supervisory Board of Deutsche Wohnen SE comprises of six members (Section 10 (1) of the Articles of Association of Deutsche Wohnen SE). The first Supervisory Board of Deutsche Wohnen SE will be appointed through to the Articles of Association of Deutsche Wohnen SE (*cf.* Article 9 (2) lit. 2 SE Regulation and Section 10 (2) Articles of Association of Deutsche Wohnen SE). The members of the Supervisory Board of Deutsche Wohnen AG will be appointed as the members of the first Supervisory Board of Deutsche Wohnen SE, except for Mr. Wolfgang Clement.

Mr. Wolfgang Clement will retire from the Supervisory Board as of June 2, 2017, *i.e.* the conclusion of the general annual meeting. Based on the recommendation of the nomination committee the Supervisory Board of Deutsche Wohnen AG has nominated Mr. Jürgen Fenk for election by the general annual meeting as member of the Supervisory Board of Deutsche

Wohnen AG, to be effective as of October 1, 2017. In case of his election, Mr. Jürgen Fenk, as of October 1, 2017, will become a member of the Supervisory Board of Deutsche Wohnen AG and after the conversion of Deutsche Wohnen SE. If the conversion is concluded before October 1, 2017, Mr. Jürgen Fenk will, as of October 1, 2017, directly become a member of Deutsche Wohnen SE. Concerning the particularities of the election of Mr. Jürgen Fenk please refer to the information provided in the shareholders invitation for the general annual meeting on June 2, 2017.

All members of the Supervisory Board of Deutsche Wohnen AG meet the personal requirements for Supervisory Board members pursuant to Section 100 AktG, in particular the personal requirements pursuant to Section 100 (5) AktG. Pursuant to Section 100 (5) half sentence 1 AktG, with respect to publicly traded companies (*kapitalmarktorientierte Gesellschaften*) within the meaning of Section 264d HGB as which Deutsche Wohnen AG qualifies due to the listing of its shares on the regulated market (*regulierter Markt*), at least one member of the Supervisory Board must be competent in the areas of accounting or auditing. According to the Supervisory Board's observations, the requirements of competence mentioned above are fulfilled by Dr. Andreas Kretschmer. In addition, pursuant to Section 100 (5) half sentence 2 AktG, all members of the Supervisory Board as a whole must be familiar with the sector the company is operating in. This amendment of the German Stock Corporation Act was introduced by the Audit Reformation Act (*Abschlussprüfungsreformgesetz*), which came into force on June 17, 2016. The amendment will not apply as long as all members of the Supervisory Board have been appointed prior to June 17, 2016 (Section 12 (5) of the Introductory Act to the Stock Corporation Act (*Einführungsgesetz zum Aktiengesetz*)). This is the case for all members of the Supervisory Board of Deutsche Wohnen AG who have been appointed until the general annual meeting on June 2, 2017.

In compliance with good corporate governance the members of the Supervisory Board of Deutsche Wohnen AG were - even before it was required by statutory law - familiar with the business operations of Deutsche Wohnen AG, especially concerning acquisition, sales, administration, letting and management of residential property, nursing homes, and other immovable property. Therefore, they fully comply with the requirements stipulated in Section 100 (5) AktG. The five members of the Supervisory Board of Deutsche Wohnen AG continuing after the retirement of Mr. Clement continue to fulfil those requirements, in particular because of their prior and currently held functions in this sector, so that the supervisory board will fulfil the requirements of Sec. 100 (5) AktG after the annual general meeting on June 2, 2017. Mr. Jürgen Fenk as the candidate nominated to be elected as a member of the supervisory board also has profound knowledge on the sector and business of Deutsche Wohnen AG.

Due to the reference in Article 9 (1) lit. c) (ii) of the SE Regulation, Section 100 AktG also applies to the Supervisory Board of a SE. Therefore, the personal requirements for Supervisory Board members of Deutsche Wohnen AG and Deutsche Wohnen SE are the same. Because the Supervisory Board members of Deutsche Wohnen SE will be appointed after June 17, 2016, they have to be familiar with the sector the company is operating in as a whole. The members of the Supervisory Board of Deutsche Wohnen AG already meet these requirements, although they do not apply yet, and therefore will meet these requirements as members of the first Supervisory Board of Deutsche Wohnen SE. In particular, Dr. Andreas Kretschmer will still meet the mentioned requirements pursuant to Section 100 (5) half sentence 1 AktG, and the Supervisory Board members as a whole will still be familiar with the sector the company is operating in according to the corporate purpose, in particular due to their actual and former main professional activities.

Prior to the application for registration of the conversion in the commercial register for the company, the first Supervisory Board of Deutsche Wohnen SE will establish itself, will elect the

chairperson of the Supervisory Board and a deputy chairpersons and will appoint the members of the Management Board. The members of the Management Board will be registered in the commercial register at the time of the conversion (Article 15 (1) of the SE Regulation in conjunction with Section 246 (2) UmwG).

§ 6

EXPLANATION OF THE CONVERSION PLAN AND THE FIRST ARTICLES OF ASSOCIATION OF DEUTSCHE WOHNEN SE AND THE IMPLICATIONS FOR THE SHAREHOLDERS AND EMPLOYEES

6.1 Explanation of the Conversion Plan

(a) Conversion Plan regarding the conversion of Deutsche Wohnen AG to Deutsche Wohnen SE (Section 1 of the Conversion Plan)

Section 1 of the Conversion Plan provides that Deutsche Wohnen AG, in accordance with Article 2 (4) in conjunction with Article 37 of the SE Regulation, will be converted to a European company (*Societas Europaea*, SE). Deutsche Wohnen AG has had a subsidiary which is governed by the laws of another member state for more than two years, including the Algarobo Holding B.V., Baarn, Netherlands, incorporated under the law of the Netherlands and registered in the commercial register of the Netherlands (*Kamer van Koophandel*) under KVK register number 18022173. Therefore, the requirements for the conversion of Deutsche Wohnen AG to Deutsche Wohnen SE pursuant to Article 2 (4) of the SE Regulation have been fulfilled. The conversion of Deutsche Wohnen AG to a SE will neither lead to the liquidation of Deutsche Wohnen AG nor to the formation of a new legal entity. Since the identity of the legal entity itself will be preserved, no transfer of assets will take place. The company will continue to exist in the legal form of Deutsche Wohnen SE. This continuity includes the legal relationship of the company. In particular, the company will stay debtor of its liabilities and creditor of its claims. Moreover, since the identity of the legal entity itself will be preserved, the holding of the shareholders in the company remains unchanged.

Section 1.4 of the Conversion Plan provides that, like Deutsche Wohnen AG, Deutsche Wohnen SE will have a two-tier management structure, comprising a Management Board (management organ within the meaning of Article 38 of the SE Regulation) and a Supervisory Board (supervisory organ within the meaning of Article 38 of the SE Regulation).

Pursuant to Section 1.5 of the Conversion Plan, shareholders who object to the conversion are not being offered any compensation in cash, as this is not provided for by law.

(b) Effective date of the conversion (Section 2 of the Conversion Plan)

The conversion will enter into effect upon registration with the competent commercial register. This is specified in Section 2 of the Conversion Plan and complies with Article 16 of the SE Regulation in conjunction with Section 4 SEAG. Pursuant to Article 12 (2) of the SE Regulation, the registration is subject to the procedure for establishing arrangements for employee involvement having been completed. For this purpose, negotiations must generally be conducted with the BVG (for details, see Section 8 of the Conversion Plan and Section 6.1 lit. (h) of this Report).

(c) Name, registered seat, Articles of Association and share capital of Deutsche Wohnen SE (Section 3 of the Conversion Plan)

Section 3 of the Conversion Plan states the name, registered seat, Articles of Association and

the share capital of the company. The name of the SE following conversion will be “Deutsche Wohnen SE”. The change of legal form requires a change of name, as the name of a SE must be preceded or followed by the abbreviation “SE” (Article 11 (1) of the SE Regulation).

The registered seat of Deutsche Wohnen SE will initially be in Frankfurt am Main, Germany; its headquarters will be in Berlin, Germany. The relevant particulars are set out in Section 3.2 of the Conversion Plan. It is intended to move the registered seat of the company to Berlin, Germany, after the registration of the conversion of Deutsche Wohnen AG to Deutsche Wohnen SE.

Section 3.3 of the Conversion Plan refers to the Articles of Association of Deutsche Wohnen SE, which are part of the Conversion Plan and will be explained in detail in Section 6.2 of this Report.

Sections 3.4 through 3.7 of the Conversion Plan set forth the capital structure of Deutsche Wohnen SE. Since the identity of the legal entity itself will be preserved in the course of conversion, the capital stock of Deutsche Wohnen AG in the amount as existing on the conversion date (currently in the amount of EUR 354,654,560.00) and as divided into no-par value bearer shares (current number 354,654,560) on the conversion date will become the capital stock of Deutsche Wohnen SE (Section 3.4).

Section 3.5 of the Conversion Plan clarifies that the number of shares issued by Deutsche Wohnen AG marginally exceeds the registered share capital of Deutsche Wohnen AG, as the number of shares issued by Deutsche Wohnen AG increases steadily due to compensation claims of external shareholders of GSW Immobilien AG under the domination agreement entered into between Deutsche Wohnen AG and GSW Immobilien AG and the according issuance of new shares of Deutsche Wohnen AG from Conditional Capital 2014/II (Section 4c of the Articles of Association of Deutsche Wohnen AG); however, these issuances of new shares shall only be submitted collectively for entry in the commercial register after the end of the fiscal year pursuant to Section 201 (1) AktG.

Section 3.6 of the Conversion Plan explains that the persons and companies who are shareholders of Deutsche Wohnen AG at the Conversion Date become shareholders of Deutsche Wohnen SE holding the same amounts of capital stock and the same number of no-par value bearer shares of Deutsche Wohnen SE as they did with respect to Deutsche Wohnen AG immediately prior to the Conversion Date. The notional value represented by each no-par value share (currently EUR 1.00) remains the same as immediately prior to the Conversion Date.

The provisions of Section 3.7 of the Conversion Plan take account of the nature of the conversion as preserving the identity of the legal entity itself described earlier in connection with Section 1.3 of the Conversion Plan, which reflects both the continuity of the capital stock described with regard to Section 3.4 of the Conversion Plan and the continuity of the authorized capital and the conditional capital. On the date of conversion,

- a) the amount of share capital divided into no-par value bearer shares pursuant to Section 4 (1) of the Articles of Association of Deutsche Wohnen SE corresponds to the amount of share capital divided into no-par value bearer shares pursuant to Section 4 (1) of the Articles of Association of Deutsche Wohnen AG,
- b) the authorized capital of Deutsche Wohnen SE pursuant to Section 5 of the Articles of Association of Deutsche Wohnen SE corresponds to the authorized capital pursuant to Section 4a of the Articles of Association of Deutsche Wohnen AG,
- c) the conditional capital of Deutsche Wohnen SE pursuant to Sections 6 to 6e of the Articles of Association of Deutsche Wohnen SE corresponds to the conditional capital pursuant to Sections 4b to 4d of the Articles of Association of Deutsche Wohnen AG, and
- d) the Supervisory Board compensation pursuant to Section 10 (7) of the Articles of Association

of Deutsche Wohnen SE corresponds to the Supervisory Board compensation of Deutsche Wohnen AG pursuant to Section 6 (6) of the Articles of Association of Deutsche Wohnen AG.

Possible changes with respect to the amount of share capital, the included amounts of authorized capital and conditional capital of Deutsche Wohnen AG as well as the Supervisory Board compensation, in particular capital changes and changes with respect to Supervisory Board compensation adopted by the Annual General Meeting of Deutsche Wohnen AG on June 2, 2017 just prior to the decision on the conversion, shall also apply to Deutsche Wohnen SE. In the event and as far as the Annual General Meeting of Deutsche Wohnen AG on June 2, 2017 does not approve the capital changes and/or the changes of Supervisory Board compensation, the changes and/or amendments not approved shall not apply to Deutsche Wohnen SE. As a result, in this particular case, the existing capital structure as well as the provisions on Supervisory Board compensation of Deutsche Wohnen AG would persist at Deutsche Wohnen SE on the conversion date.

The Supervisory Board of Deutsche Wohnen AG (alternatively, the Supervisory Board of the Deutsche Wohnen SE) is both authorized and instructed to make, prior to the registration of the change of the legal form in the commercial register, the appropriate amendments of the Articles of Association of Deutsche Wohnen SE. The Articles of Association of Deutsche Wohnen SE enclosed as an Annex are based on the assumption that the General Meeting of Deutsche Wohnen AG on June 2, 2017 approves all of the changes proposed by the boards.

(d) Continuity of resolutions of the Annual General Meeting of Deutsche Wohnen AG (Section 4 of the Conversion Plan)

Section 4.1 of the Conversion Plan clarifies that resolutions of the Annual General Meeting of Deutsche Wohnen AG apply unchanged for Deutsche Wohnen SE to the extent they are still pending.

Pursuant to Section 4.2 of the Conversion Plan, this shall apply in particular to resolutions of the Annual General Meeting authorizing the acquisition and utilization of own shares pursuant to Section 71 (1) no. 8 AktG and authorizing to issuance of convertible bonds, bonds with warrants, participations rights and/or participating bonds (or combinations of these instruments). As of the conversion date, the authorizations shall apply to the shares of Deutsche Wohnen SE instead of the shares of Deutsche Wohnen AG; apart from that, the authorizations shall apply to Deutsche Wohnen SE in their current version and to their current scope on the conversion date.

Section 4.3 of the Conversion Plan stipulates that this shall also apply to the authorization and instruction of the Management Board of the Company to register with the competent commercial register, after registration of the change of the legal form, the transfer of the Company's registered seat from Frankfurt am Main to Berlin, as set out in agenda item no. 11 of the Annual General Meeting on June 2, 2017.

(e) Management Board (Section 5 of the Conversion Plan)

Without prejudice to the decision-making competence of the future Supervisory Board of Deutsche Wohnen SE under corporate law, it is expected that the following current members of the Management Board of Deutsche Wohnen AG will be appointed members of the Management Board of Deutsche Wohnen SE: Michael Zahn (chairperson of the Management Board), Lars Wittan (deputy chairperson of the Management Board) and Philip Grosse (Member of the Management Board).

The relevant details are set out in Section 5 of the Conversion Plan.

(f) Supervisory Board (Section 6 of the Conversion Plan)

Deutsche Wohnen SE will not, in connection with the conversion, switch to the so-called one-tier system with a single administrative organ in addition to the general meeting of shareholders. The governing bodies of the Company will therefore continue to be the Management Board, the Supervisory Board and the General Meeting of Shareholders. Furthermore, Section 6.1 of the Conversion Plan provides for information on the appointment of the members of the first Supervisory Board of Deutsche Wohnen SE, who will be appointed in accordance with Article 40 (2) sentence 2 of the SE Regulation by the Articles of Association of Deutsche Wohnen SE.

Section 6.2 of the Conversion Plan clarifies that the terms of office of the current Supervisory Board members of Deutsche Wohnen AG will end once the conversion has taken effect.

Pursuant to Section 6.3, the following persons shall be appointed as the members of the first Supervisory Board of Deutsche Wohnen SE by Section 10 (2) of the Articles of Association of Deutsche Wohnen SE:

- Mr. Uwe E. Flach, resident in Frankfurt am Main, business consultant, Frankfurt am Main;
- Mr. Dr. rer. pol. Andreas Kretschmer, resident in Düsseldorf, advisor of Ärzteversorgung Westfalen-Lippe, Einrichtung der Ärztekammer Westfalen-Lippe KöR, Münster;
- Mr. Matthias Hünlein, resident in Oberursel, managing director of the Tishman Speyer Properties Deutschland GmbH, Frankfurt am Main;
- Mr. Dr. Florian Stetter, resident in Erding, CEO of Rockhedge Asset Management AG, Krefeld;
- Mr. Claus Wisser, resident in Frankfurt am Main, managing director of Claus Wisser Vermögensverwaltungs GmbH, Frankfurt am Main;
- Mr. Jürgen Fenk, resident in Frankfurt am Main, member of the management board of Landesbank Hessen-Thüringen Girozentrale (whereas the appointment shall be effected as of October 1, 2017).

Section 6.4 of the Conversion Plan clarifies that the members of the Supervisory Board of Deutsche Wohnen SE shall be appointed for a term of office corresponding to the remainder of their respective terms of office as a member of the Supervisory Board of Deutsche Wohnen AG pursuant to Section 10 (2) of the Articles of Association of Deutsche Wohnen SE.

(g) Special advantages (Section 7 of the Conversion Plan)

Section 7.1 of the Conversion Plan clarifies that no special advantages are granted to persons in terms of Article 20 (1) lit. g) of the SE Regulation in the course of the conversion.

Section 7.2 of the Conversion Plan points out that, for reasons of utmost precaution and notwithstanding the competence of the Supervisory Board, the members of the Management Board of Deutsche Wohnen AG are likely to be appointed as members of the Management Board of Deutsche Wohnen SE (for further information, see the explanations to Section 5 of the Conversion Plan).

In addition, Section 7.3 of the Conversion Plan indicates that the members of the Supervisory Board of Deutsche Wohnen AG to be appointed as members of the Supervisory Board of Deutsche Wohnen SE by the Articles of Association of Deutsche Wohnen SE and the current chairperson of the Supervisory Board, Mr. Uwe E. Flach, and the current deputy chairperson of the Supervisory Board of Deutsche Wohnen AG, Dr. Andreas Kretschmer, will be proposed for election as the chairperson and deputy chairperson, respectively, of the Supervisory Board, of Deutsche Wohnen SE, notwithstanding the competence of the Supervisory Board (cf. Section 6

of this Conversion Plan).

(h) Information on the procedure regarding employee involvement in Deutsche Wohnen SE (Section 8 of the Conversion Plan)

Section 8 of the Conversion plan explains the proceedings of employee involvement in Deutsche Wohnen SE.

The information given in Section 8 of the Conversion Plan and the explanations concerning Section 8 in this report include future directed statements. Invitations to the inaugural meeting of the special negotiating body which will manage the negotiations with the Management Board of Deutsche Wohnen AG may be made only after the appointment of its members but not later than ten weeks after the initiation of the procedure pursuant to Section 4 (2) SEBG. Considering the time limit of 10 weeks it is possible that negotiations start not until July 2017.

(i) Principles of the procedures of employee involvement in Deutsche Wohnen SE

In connection with the conversion into a SE, a procedure concerning the involvement of the employees of Deutsche Wohnen SE has to be concluded (compare Section 12 (2) of the SE Regulation).

The procedure is a negotiation procedure, with the goal to generally reach the conclusion of an agreement regarding the involvement of employees in the SE, *i.e.*, a so-called involvement agreement (Section 13 (1) sentence 1 SEBG).

The procedure for the involvement of employees is characterized by the principle of protecting the acquired rights of the employees of Deutsche Wohnen AG (Section 1 (1) SEBG). The extent of the involvement of the employees in the SE is determined by Section 2 (8) SEBG which, essentially, follows Art. 2 lit. h) of Council Directive 2001/86/EC of October 8, 2001, supplementing the Statute for a European company with regard to the involvement of employees.

“Involvement of employees” is the collective term for any mechanism – including the information, consultation and participation – through which employees’ representatives may exercise an influence on decisions to be taken within the company.

“Information” means the informing of the body representative of the employees and/or employees’ representatives by the competent organ of the SE, *i.e.* the Management Board of Deutsche Wohnen SE, on questions which concern the SE itself and any of its subsidiaries or establishments situated in any other Member State or which exceed the powers of the decision-making organs in a single Member State at a time, in a manner and with a content which allows the employees’ representatives to undertake an in depth assessment of the possible impact and, where appropriate, prepare consultations with the competent organ of the SE (Section 2 (10) SEBG).

“Consultation” means the establishment of dialogue and exchange of views between the body representative of the employees and/or the employees’ representatives and the competent organ of the SE, at a time, in a manner and with a content which allows the employees’ representatives, on the basis of information provided, to express an opinion on measures envisaged by the competent organ which may be taken into account in the decision-making process within the SE (Section 2 (11) SEBG).

“Participation” means the influence of the body representative of the employees and/or the employee’s representatives in the affairs of a company by way of the right to elect or appoint some of the members of the company’s supervisory or administrative organ or the right to recommend and/or oppose the appointment of some or all the members of a company’s

supervisory or administrative organ.

(ii) *Initiation of the procedure*

Sections 8.2 and 8.3 of the Conversion Plan describe the initiation of the employee involvement procedure.

The initiation of the procedure for the involvement of the employees is conducted in accordance with the provisions of the SEBG. It requires that the management body of the participating company, *i.e.* the Management Board of Deutsche Wohnen AG, notifies the employee representative bodies and the representative committees of the affiliated companies, subsidiaries and companies involved in the conversion procedure and request them to establish the BVG (Section 4 (1) sentence 1, (3) SEBG). If no employee representative body exists, the employees will be informed (Section 4 (2) sentence 2 SEBG).

The procedure shall be initiated immediately and without request after the Management Board of Deutsche Wohnen AG has disclosed the proposed conversion plan. The conversion plan shall be disclosed by submitting the notarized conversion plan to the competent commercial register in Frankfurt am Main. The identity and structure of Deutsche Wohnen AG, the subsidiaries affected by the conversion and the companies concerned as well as their distribution among other member states, (ii) the employees representatives present in these companies and operations, (iii) the number of employees employed in each of these companies and operations, and the total number of employees employed in one member state, (iv) the number of employees, who are entitled to participation rights in the corporate bodies of these companies.

(iii) *Constitution of the special negotiating body*

Sections 8.4 and 8.6 of the Conversion Plan explain the election and constitution procedure of the special negotiating body.

It is provided by statutory law that employees or their representatives respectively should appoint or elect members of the special negotiating body within ten weeks after the employees or their representatives have been informed. The task of the special negotiating body is to negotiate with the management of the Company the structure of the involvement process and the determination of the involvement rights of the employees within the SE.

Establishment and composition of the special negotiating body are, in principle, based on German law (Section 4 to Section 7 SEBG), since Deutsche Wohnen Group does not employ any employees in other member states of the European Union or within the European Economic Area. Since the Deutsche Wohnen Group only has employees in Germany all members of the special negotiating body are elected from the pool of German employees of Deutsche Wohnen AG and its subsidiaries.

The members of the special negotiating body shall be elected by the election body, secretly and directly, pursuant to Section 8 (1) SEBG. Two-thirds of the election body representing at least two-thirds of the employees must be present at the election.

At the earliest after all members have been named, but no later than ten weeks according to the information within Section 4 (2) and (3) SEBG (see Section 2 (1), 11 (1) SEBG), the Management Board of Deutsche Wohnen AG must immediately invite the special negotiating body to be established. On the day of the establishment, the procedure for the formation of the special negotiating body ends and the negotiations begin, for which a statutory period of up to six months is provided. This period may be extended to a maximum of one year by mutual consent from the negotiating parties.

(iv) *Agreement between the special negotiating body and the Management Board of Deutsche Wohnen AG*

Sections 8.7 and 8.8 of the Conversion Plan describe the provisions of the Articles of Association concerning the number of Supervisory Board members and the possibility of an agreement on the information and consultation of the employees.

This can be achieved by the constitution of a SE Works Council or by a different procedure provided for by the parties which safeguards the information and consultation of the employees of Deutsche Wohnen SE. The agreement shall also stipulate that before any restructuring activities concerning the SE are undertaken additional negotiations concerning the involvement of employees of the SE must be initiated.

(v) *Internal decision-making of the special negotiating body*

An agreement between the management of the Company and the special negotiating body regarding the participation of the employees requires a decision of the special negotiating body. The decision shall be adopted by a majority of the appointed members, provided that this majority also represents a majority of the represented employees.

The special negotiating body may decide by a majority of two-thirds of its members not to enter into negotiations or terminate any thereof already initiated (*cf.* Section 16 (1) SEBG). In the case of a SE formation by conversion, it is not permissible to refrain from entering into or to abandon negotiations if the employees of the Company being converted are entitled to participation rights within the meaning of Section 2 (12) SEBG, *i.e.* the election or nomination of a part of the Supervisory Board members (*cf.* Section 16 (3) SEBG).

Section 8.10 of the Conversion Plan provides, that the Articles of Association of Deutsche Wohnen SE must not at any time contradict a negotiated agreement.

(vi) *Statutory default provisions*

If an agreement regarding the involvement of employees within the negotiation period is not reached and no resolution is adopted pursuant to Section 16 SEBG, a statutory default provision applies (*cf.* Section 22 SEBG) which may also directly be agreed upon as a contractual solution.

When applying the statutory default solution, participation remains unchanged in accordance with the current status and no participation takes place, *i.e.* the Supervisory Board consists solely of representatives of the shareholders.

In order to safeguard the right to information and consultation of the employees of Deutsche Wohnen SE, the statutory default provision would have the consequence that a SE Works Council would have to be established, the function of which would be to safeguard the right to information and consultation of the employees in the SE. The Works Council would be responsible for matters which affect the SE itself, one of its subsidiaries or one of its establishments in another member state or which go beyond the powers of the competent bodies at the level of the individual member states. The SE Works Council would have to be notified and consulted annually with regard to the development of the business situation and the future prospects of the SE. It would have to be notified and consulted with regard to extraordinary circumstances. The composition of the SE Works Council as well as the election of its members would be determined, in principle, in accordance with the provisions applicable to the composition and appointment of the members of the special negotiating body.

In case the statutory default provision applies, it is to be reviewed every two years during the existence of the SE by the management of the SE whether changes within the SE, its subsidiaries or its establishments require an alteration of the composition of the SE Works

Council (Section 25 SEBG). Besides, in case the statutory default provision applies, four years after its establishment the SE Works Council has to resolve with the majority of its members whether negotiations shall be re-opened with regard to an agreement for the involvement of employees within the SE or whether the existing regulations are to remain in place (Section 26 (1) SEBG). If a resolution is adopted to enter into negotiations for an agreement regarding the involvement of employees, for the purpose of these negotiations the SE Works Council replaces the special negotiating body (Section 26 (2) SEBG).

(vii) *Necessary costs arising from the establishment and operation of the special negotiating body*

Section 8 (12) of the Conversion Plan provides that the necessary costs arising from the establishment and operation of the special negotiating body are borne by the Deutsche Wohnen AG as well as from the Deutsche Wohnen SE after conversion. The obligation to bear the costs includes the material and personal expenses incurred in connection with the activities of the special negotiating body, including the negotiations. In particular, premises, material resources (e.g. telephone, telefax, and required literature), interpreters and clerical staff required for meetings are to be provided and the travel and subsistence expenses of the members of the special negotiating body are to be met.

(i) ***Other effects of the conversion on the employees and their representatives***

(i) *Section 9 of the Conversion Plan*

Section 9 of the Conversion Plan explains the other effects of the conversion of Deutsche Wohnen AG to a SE on the employees and their representatives.

In Section 9.1, the Conversion Plan makes clear that the existing employment agreements will remain applicable and unaffected after the conversion. Section 613a of the German Civil Code (*Bürgerliches Gesetzbuch*; "**BGB**") is not applicable to the conversion because the legal identity of the employer changing its legal form remains unaffected pursuant to Article 37 (2) of the SE Regulation. The acquired social rights including the actual or acknowledged length of service for the company or the group remain valid at Deutsche Wohnen SE. The collective bargaining agreements, group shop agreements, shop agreements and other collective employment arrangements potentially applicable to the employees of Deutsche Wohnen Group will remain applicable in the same form subject to the relevant agreements (see Section 9.2 of the Conversion Plan).

Section 9.3 and 9.4 provide that the change of the legal form will not lead to any changes for the existing employees' representatives of the companies and establishments of the Deutsche Wohnen group and no other measures which would affect the situation of the employees are planned or intended.

(j) ***Auditors (Section 10 of the Conversion Plan)***

Section 10.1 of the Conversion Plan sets out the information regarding the auditors and group auditors for the first fiscal year of Deutsche Wohnen SE. This Section states that KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin, are appointed as auditor and group auditor for the first fiscal year of Deutsche Wohnen SE. The first fiscal year of Deutsche Wohnen SE is the calendar year in which the conversion of Deutsche Wohnen AG to Deutsche Wohnen SE is registered with the commercial register.

Pursuant to Section 10.2 of the Conversion Plan, in the event of an audit review of the condensed financial statements and the interim management report (Sections 37w (5) and 37y

no. 2 WpHG) for the first half-year period of the first fiscal year of Deutsche Wohnen SE, KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin, shall be appointed as auditor for such audit review.

In the same way, in the event of an audit review of supplementary intrayear financial information (Section 37w (7) WpHG), KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin, shall be appointed as auditor for such audit review for the first and/or third quarter of the first fiscal year and/or for the first quarter of the second fiscal year of Deutsche Wohnen SE.

(k) No special rights (Section 11 of the Conversion Plan)

Comparable to the required information of a merger plan (Article 20 (1) (f) and (g) of the SE Regulation), the Conversion Plan also includes particulars on special rights and special rights.

Section 11 of the Conversion Plan states that no special rights exist and no shares other than ordinary shares are issued by the company.

(l) Costs of conversion (Section 12 of the Conversion Plan)

Section 12 of the Conversion Plan clarifies that the costs of conversion, in particular the costs of the notarization of this conversion plan, its preparation and its execution, up to a maximum of EUR 1.5 million, shall be borne by the company. See Section 3.2 of this Report for more information on the cost factors and the estimated amount of such costs.

6.2 Explanation of the Articles of Association of Deutsche Wohnen SE

Upon the conversion taking effect, Deutsche Wohnen AG will change its legal form to that of a SE. The existing Articles of Association of Deutsche Wohnen AG will be replaced by new Articles of Association of Deutsche Wohnen SE. These Articles of Association form an integral part of the Conversion Plan which is subject to approval by the General Meeting of Shareholders.

The present draft of the Articles of Association for Deutsche Wohnen SE is based on the existing Articles of Association of Deutsche Wohnen AG. In this connection, a large number of the provisions of the current Articles of Association of Deutsche Wohnen AG could, for the most part, be adopted in the Articles of Association of the future Deutsche Wohnen SE, as the material provisions of the SE Regulation and the SEAG in essence correspond to the provisions applicable to the articles of association of an AG. In all other respects, the Articles of Association of Deutsche Wohnen SE have been drafted in such a manner as to ensure that the legal situation currently existing at Deutsche Wohnen AG can to a large extent be maintained at Deutsche Wohnen SE.

(a) Legal form, corporate name, registered seat and fiscal year (Section 1 of the Articles of Association of Deutsche Wohnen SE)

Section 1 (1) of the Articles of Association of Deutsche Wohnen SE specifies the corporate name of the company. The company, currently named Deutsche Wohnen AG, will be renamed Deutsche Wohnen SE. The change of the abbreviation indicating the legal form is mandatorily prescribed by Article 11 (1) of the SE Regulation.

The registered seat of the company is, as for Deutsche Wohnen AG, Frankfurt am Main, Germany, as specified in Section 1 (2) of the Articles of Association of Deutsche Wohnen SE. The registered seat is now followed, pursuant to Section 1 (2) of the Articles of Association of Deutsche Wohnen SE, by the country of the registered seat (Germany), as it is of particular relevance with regard to the law applicable to Deutsche Wohnen SE in addition to the SE Regulation.

As in the Articles of Association of Deutsche Wohnen AG, Section 1 (3) of the Articles of

Association provides that the fiscal year starts on 1 January of each year and ends on 31 December.

(b) Corporate purpose (Section 2 of the Articles of Association of Deutsche Wohnen SE)

In Section 2 of the Articles of Association of Deutsche Wohnen SE, the provisions of Section 2 of the Articles of Association of Deutsche Wohnen AG have been adopted without amendment. The corporate purpose of Deutsche Wohnen SE as stipulated in the Articles of Association thus corresponds to that of Deutsche Wohnen AG. In Section 2 (3) of the Articles of Association of Deutsche Wohnen SE, a negative description of the corporate purpose was added.

Accordingly, the corporate purpose of the company, as stipulated in Section 2 (1) of the Articles of Association of Deutsche Wohnen SE, is the acquisition, administration, letting, operation and sale of residential property, nursing homes and other properties. Properties may be developed, modernized and maintained, services may be provided and co-operations of any kind may be entered into.

Pursuant to Section 2 (2), the corporate purpose of the company may be realized by the company itself or by its subsidiaries or affiliated companies, the corporate purpose of which may partially or fully be aligned with the corporate purpose of the company. The company may found or acquire such companies; it is entitled to centralize such subsidiaries under its direction or to limit its activities to the management of such holdings and it may dispose of any of its holdings. The company is entitled to conduct all business and take all measures connected to the corporate purpose or which are suitable to directly or indirectly serve the corporate purpose.

As a consequence of the innovations concerning the German Code of Capital Investment (*Kapitalanlagegesetz*), the newly added Section 2 (3) clarifies that the company does not engage in activities which would qualify it as an investment fund within the meaning of the German Capital Investment Code. In particular, the company was not established with the main purpose of generating returns for its shareholders by divestment of its subsidiaries or affiliated companies.

(c) Official notices (Section 3 of the Articles of Association of Deutsche Wohnen SE)

Regarding the content the wording of Section 3 of the Articles of Association of Deutsche Wohnen SE corresponds to the wording of Section 3 of the Articles of Association of Deutsche Wohnen AG.

Accordingly, publications of the company shall be made in the Federal Gazette (*Bundesanzeiger*). To the extent legally permitted, publications may be effected by registered letter (*ingeschriebener Brief*).

Pursuant to Section 3 (2), notices to the shareholders pursuant to Section 125 (1) in connection with Section 128 (1) AktG as well as pursuant to Section 125 (2) AktG shall, under the requirements of Section 30b (3) no. 1 lit b) to d) WpHG and notwithstanding Section 30b (1) WpHG be exclusively given via electronic means (*elektronische Kommunikation*), if the Management Board does not elect another legally permitted form. The same shall apply for the transmission of such notices of the company to the shareholders through third parties.

(d) Capital stock and shares (Section 4 of the Articles of Association of Deutsche Wohnen SE)

The wording of Section 4 of the Articles of Association of Deutsche Wohnen SE corresponds to

the wording of Section 4 of the Articles of Association of Deutsche Wohnen AG.

Section 4 (1) of the Articles of Association of Deutsche Wohnen SE stipulates the same amount of capital stock for Deutsche Wohnen SE as for Deutsche Wohnen AG without amendment. In this regard, just as with regard to the provisions contained in Section 5-6e of the Articles of Association of Deutsche Wohnen SE on the authorized capital and the contingent capital, certain particularities apply in terms of the continuity of the various types of capital, which are set forth in Sections 3.4 through 3.7 of the Conversion Plan and described in Section 6.1 lit. (c) of this Report.

Section 4 (2) stipulates, without amendment, that the shares are bearer shares.

Section 4 (3) of the Articles of Association of Deutsche Wohnen SE stipulates that in case of an increase in the share capital the participation of the new shares in the profits can be determined in divergence from Section 60 (2) sentence 3 AktG.

In addition, Section 4 (4), which corresponds to Section 4 (4) of the Articles of Association of Deutsche Wohnen AG, provides for that the form of share certificates, dividend and renewal coupons as well as bonds and interest and renewal coupons is determined by the Management Board. The right of shareholders to receive share certificates is excluded. The shareholders shall have no claim to the issuance of dividend or renewal coupons. The company is entitled to issue share certificates representing individual shares or several shares (global share certificates). The shares of Deutsche Wohnen AG are represented by global certificates. The shares of Deutsche Wohnen SE will also be represented by global certificates.

The wording of Sections 5 through 6e of the Articles of Association of Deutsche Wohnen SE corresponds to the wording of Sections 4a through 4d of the Articles of Association of Deutsche Wohnen AG to the extent the General Meeting will take the decisions proposed in item 8 (Authorized Capital 2017) and item 9 (Conditional Capital 2017) relating to the amendments of capital of Deutsche Wohnen AG.

Section 5 of the Articles of Association of Deutsche Wohnen SE provides for conditional capital in the amount of EUR 110,000 until June 1, 2020. In addition, the Articles of Association provide for the following capitals:

- in Section 6 a conditional capital in the amount of EUR 16,075,714.00 (Conditional Capital 2013),
- in Section 6a a conditional capital in the amount of EUR 25,000,000.00 (Conditional Capital 2014/I),
- in Section 6b a conditional capital in the amount of EUR 5,902,813.00 (Conditional Capital 2014/II),
- in Section 6c a conditional capital in the amount of EUR 12,879,752.00 (Conditional Capital 2014/III),
- in Section 6d a conditional capital in the amount of EUR 50,000,000.00 (Conditional Capital 2015),
- in Section 6e a conditional capital in the amount of EUR 70,000,000.00 (Conditional Capital 2017).

(e) Two-tier system, corporate bodies (Section 7 of the Articles of Association of Deutsche Wohnen SE)

Section 7 of the Articles of Association of Deutsche Wohnen SE clarifies that the Management Board is the management organ and the Supervisory Board the supervisory organ of the

company within the meaning of Article 38 of the SE Regulation. This provision has thus not been amended in essence as compared to the Articles of Association of Deutsche Wohnen AG, despite the fact that the Articles of Association of Deutsche Wohnen AG do not provide a general regulation concerning the corporate bodies preceding the regulations concerning the Management Board and the Supervisory Board.

(f) Composition of the Management Board and representation (Section 8 of the Articles of Association of Deutsche Wohnen SE)

The wording of Section 8 (1) sentence 2 of the Articles of Association of Deutsche Wohnen SE is identical to Section 5 (1) of the Articles of Association of Deutsche Wohnen AG, which provides that the Management Board shall consist of at least two persons. Section 8 (1) sentence 1 of the Articles of Association of Deutsche Wohnen SE has been added clarifying that the Management Board is responsible for managing the company. This corresponds to Section 76 (1) AktG and thus to the legal situation at Deutsche Wohnen AG, too.

Section 8 (2) sentence 1 of the Articles of Association of Deutsche Wohnen SE and Section 5 (2) sentence 1 of the Articles of Association of Deutsche Wohnen AG are also identical and stipulate that the Supervisory Board appoints the members of the Management Board and determines the number of members of the Management Board. The regulations in Section 8 (2) sentences 2 and 3 of the Articles of Association of Deutsche Wohnen SE are new. They provide for that the members of the Management Board are appointed for a maximum term of five years and that reappointments are permissible. These provisions firstly take account of the fact that the term of office of the members of the Management Board of the SE must not exceed six years (Article 46 (1) of the SE Regulation). Secondly, it ensures that the legal situation currently existing at Deutsche Wohnen AG can, for the most part, be maintained at Deutsche Wohnen SE. The provisions of Section 8 (2) sentences 4 and 5 of the Articles of Association of Deutsche Wohnen SE are identical to Section 5 (2) sentence 2 of the Articles of Association of Deutsche Wohnen AG, under which the Supervisory Board may appoint alternate members of the Management Board (sentence 4) and a member of the Management Board as chairperson (*Vorstandsvorsitzender*) or as the speaker of the Management Board (sentence 5).

Section 8 (3) of the Articles of Association of Deutsche Wohnen SE largely corresponds to Section 5 (3) of the Articles of Association of Deutsche Wohnen AG stipulating that the company is jointly represented by two members of the Management Board or by one member of the Management Board together with a holder of a statutory power of attorney (*Prokurist*). If only one member is appointed to the Management Board, such member solely represents the company. The Supervisory Board may determine that one or all members of the Management Board are authorized to represent the company alone. The Supervisory Board may also exempt in general or regarding a specific situation all or single members of the Management Board and holders of a statutory powers of attorney allowed to represent the company together with a member of the Management Board from the restrictions of Section 181 2nd alternative BGB; Section 112 AktG shall remain unaffected.

As opposed to the AG, the Articles of Association of a SE may stipulate that the vote of the chairperson of the Management Board is decisive – even if the Management Board consists of only two members (Article 50 (2) of the SE Regulation). However, the Articles of Association may exclude that the chairperson has the decisive vote. Pursuant to Section 5 (3) sentence 2 of the rules of procedure of the Management Board of Deutsche Wohnen AG, the chairperson or the speaker of the Management Board has the casting vote in the event of a tie. If the Management Board consists of only two members, it has to take its decisions unanimously. In order to ensure that the legal situation currently existing at Deutsche Wohnen AG is maintained at Deutsche Wohnen SE, Section 8 (4) sentence 1 of the Articles of Association of Deutsche Wohnen SE

stipulates that, in the event of a tied vote, the vote of the chairperson or the speaker of the Management Board is decisive. This corresponds to the legal situation pursuant to Article 50 (2) sentence 1 of the SE Regulation. If the Management Board consists of two members, the Articles of Association of Deutsche Wohnen SE provide for a derogation. Pursuant to Section 8 (4) sentence 2 of the Articles of Association of Deutsche Wohnen SE, decisions shall be taken unanimously if the Management Board consists of two members only; the chairperson does not have the decisive vote. See also Section 6.2 lit. (f) of this Report for further information.

(g) Transactions requiring authorization (Section 9 of the Articles of Association of Deutsche Wohnen SE)

Section 9 (1) of the Articles of Association of Deutsche Wohnen SE sets out that the following transactions of the Management Board require the prior authorization by the Supervisory Board:

- (i) acquisition and sale of residential real estate portfolios, companies, holdings in companies and parts of companies, if the value exceeds thresholds specified by the Supervisory Board;
- (ii) conclusion, amendments or termination of affiliation agreements (*Unternehmensverträge*) in the meaning of Sections 291, 292 AktG.

In addition, pursuant to Section 9 (2) of the Articles of Association of Deutsche Wohnen SE, the Supervisory Board may subject other types of transactions and measures to a requirement of prior authorization, in particular transactions which could fundamentally change the assets, financial positions or results of operations of the Company or the group. Regarding these categories of transactions and taking into consideration the risk-profile of the Company the Supervisory Board shall list appropriate value limits or other appropriate limits, the exceedance of which requires prior authorization. The Supervisory Board may include such requirements of prior authorization in the rules of procedure of the Supervisory Board and/or the rules of procedure of the Management Board.

The Articles of Association of Deutsche Wohnen AG do not provide for a regulation concerning transactions requiring authorization. Therefore, Section 9 of the Articles of Association of Deutsche Wohnen SE is a new regulation, which is mandatory for the Articles of Association for a SE pursuant to Article 48 (1) of the SE Regulation (see above Section 4.5 (c) (xi) of this Report). Section 8 (2) of the Articles of Association of Deutsche Wohnen AG also provides for an authorization of the Supervisory Board to subject other types of transactions and measures to a requirement of prior authorization. Section 9 (2) of the Articles of Association of Deutsche Wohnen SE contains the corresponding stipulation.

(h) Composition, appointment period and compensation (Section 10 of the Articles of Association of Deutsche Wohnen SE)

Section 10 of the Articles of Association of Deutsche Wohnen SE provides regulations concerning the composition, the appointment period and the compensation of Supervisory Board members.

Corresponding to Section 6 (1) of the Articles of Association of Deutsche Wohnen AG, the Supervisory Board of Deutsche Wohnen SE consists of six members pursuant to Section 10 (1) sentence 3 who shall be elected – subject to the provisions of para. 2 – for a term until the conclusion of the General Meeting of the company granting discharge for the fourth financial year after the commencement of their term of office, if the General Meeting does not prescribe a shorter term. Firstly, this provision takes account of the fact that the term of office of members of the Supervisory Board for a SE must not exceed six years (Article 46 (1) of the SE Regulation). Secondly, it ensures that the legal situation currently existing at Deutsche Wohnen AG, i.e. the

standard term of office of approximately five years, pursuant to the Articles of Association, is to a large extent maintained at Deutsche Wohnen SE. Pursuant to Section 10 (1) sentence 8 of the Articles of Association of Deutsche Wohnen SE, not more than two former members of the Management Board shall be members of the Supervisory Board – as already set out in Article 6 (1) sentence 5 of the Articles of Association of Deutsche Wohnen AG.

Section 10 (1) sentences 1 and 2 have been added clarifying that the Supervisory Board supervises the work of the Management Board and may not itself exercise the power to manage the company. This regulations correspond to Section 111 (1) and (4) sentence 1 AktG and thus to the legal situation at Deutsche Wohnen AG, too.

Section 10 (1) sentence 7 has also been added stipulating that reappointments are permissible. This corresponds to the legal situation in the case of an AG.

Section 10 (2) of the Articles of Association of Deutsche Wohnen SE has also been added. This section appoints the present members of the Supervisory Board of Deutsche Wohnen SE, except for Mr. Wolfgang Clement, who will retire from the Supervisory Board as of June 2, 2017, i.e. the conclusion of the general annual meeting, as members of the first Supervisory Board of Deutsche Wohnen SE with a term of office corresponding to the remainder of their respective terms of office as a member of the Supervisory Board of Deutsche Wohnen AG. The members of the first Supervisory Board are not appointed by the General Meeting but the Articles of Association pursuant to Article 40 (2) sentence 2 of the SE Regulation. The Supervisory Board of Deutsche Wohnen AG has – supported by the recommendation of the nomination committee – proposed Mr. Jürgen Fenk for election as member of the Supervisory Board of Deutsche Wohnen AG by the general annual meeting as of October 1, 2017.

Apart from that, the wording of Section 10 of the Articles of Association of Deutsche Wohnen SE is identical to the wording of Section 6 of the Articles of Association of Deutsche Wohnen AG.

Thus, pursuant to Section 10 (3) of the Articles of Association of Deutsche Wohnen SE, substitute members may be elected for the members of the Supervisory Board. The substitute members shall replace the Supervisory Board members leaving office prior to the expiry of their term in order to be determined at the time at which such substitute members are appointed. It may be stipulated that a certain substitute member may only replace one or several specific Supervisory Board members leaving office prior to the expiry of their term. If a substitute member becomes a Supervisory Board member, his/her term shall end upon the conclusion of the next General Meeting at which a new Supervisory Board member is appointed, in any case at the latest at the end of the term of office of the replaced member.

Each Supervisory Board member and each substitute member may resign from office by written notice to the Management Board without good cause with one month notice pursuant to Section 10 (4).

Section 10 (5) of the Articles of Association of Deutsche Wohnen SE stipulates the arrangements for the elections of the chairperson of the Supervisory Board and the deputy chairperson. The Supervisory Board, chaired by the oldest Supervisory Board member in terms of age, elects from among its members a chairperson and a deputy chairperson for the term of office stipulated in Article 10 (1). The election takes place at the meeting which, without having to be separately convened, takes place immediately after the General Meeting during which the Supervisory Board members were elected. Unless a shorter term of office is determined at the time of their election, the chairperson and the deputy chairperson shall be elected as chairperson and deputy chairperson, respectively, for the duration of their Supervisory Board membership. If, during a term of office, the chairperson or his/her deputy leaves his/her office before the end of his/her term, the Supervisory Board shall conduct a new election for the remainder of the term of office

of the person leaving.

Pursuant to Section 10 (6) of the Articles of Association of Deutsche Wohnen SE, the Supervisory Board may set up committees among its members in accordance with the law. The duties, competencies and procedure of the committees shall be determined by the Supervisory Board's rules of procedure or by a special resolution of the Supervisory Board. To the extent permitted by law, the Supervisory Board may delegate any of its decision-making powers to the committees. Unless mandatory legislation states otherwise, the committees' resolutions shall be subject to Section 11 (2) through (7) mutatis mutandis providing that the decision of the committee's chairperson replaces the decision of the Supervisory Board's chairperson and that it shall have a quorum if at least three members take part in the voting personally or by submitting their votes in writing in accordance with Section 11 (5). The Supervisory Board shall receive regular reports concerning the committees' work.

The compensation of the regular Supervisory Board members and substitute members is set out in Section 10 (7) of the Articles of Association of Deutsche Wohnen SE. Each regular member of the Supervisory Board of Deutsche Wohnen SE shall receive an annual compensation in the amount of EUR 75,000.00. The chairperson shall receive triple the amount, a deputy chairperson shall receive 1.5 times this amount. In addition, each member of the audit committee shall receive a fixed compensation in the amount of EUR 15,000.00 per financial year, the audit committee's chairperson shall receive twice the amount. Members of other Supervisory Board committees shall receive an additional fixed compensation in the amount of EUR 5,000.00 per committee and per financial year, the respective chairperson shall receive double the amount. In case the financial year is less than 12 months, the compensation will be paid pro rata. Supervisory Board members or members of a committee who are members, chairperson or deputy chairperson of the Supervisory Board or a committee only for part of a financial year shall receive a corresponding pro rata compensation for each month of their term that has started. The total of all compensation payments according to this Section 10 (7) of the Articles of Association plus compensation payments received for the membership in supervisory boards and comparable supervisory bodies of group companies shall – regardless of the number of committee memberships and functions – not exceed the amount of EUR 300,000 (in each case excluding value added tax (*Umsatzsteuer*), if any) per calendar year. The compensation and the attendance fees shall be paid for the prior financial year after the annual general meeting.

Section 10 (8) provides for regulations for reimbursements. The company shall reimburse the Supervisory Board members for cash expenses. VAT will be reimbursed by the company to the extent that the Supervisory Board members are eligible to separately invoice VAT and have exercised such right.

Pursuant to Section 10 (9) of the Articles of Association of Deutsche Wohnen SE, the company may, in its own interest, conclude a D&O liability insurance for its corporate bodies and senior management (*Leitungsverantwortliche*), if feasible for economically reasonable conditions, which may include Supervisory Board members being insured at the expense of the company.

(i) Meetings of the Supervisory Board (Section 11 of the Articles of Association of Deutsche Wohnen SE)

Identical to Section 7 of the Articles of Association of Deutsche Wohnen AG, Section 11 of the Articles of Association of Deutsche Wohnen SE sets out the minimum number of meetings, the convocation, the form of the resolutions, the quorum, the representation of members who cannot attend a meeting, the majority requirements, the minute-taking and the external representation of the Supervisory Board.

Pursuant to Section 11 (1) of the Articles of Association of Deutsche Wohnen SE, the

Supervisory Board should meet once each quarter of a calendar year and shall meet at least two times every half of a calendar year. It shall also meet whenever necessary for business reasons.

Section 11 (2) clarifies that meetings of the Supervisory Board shall be convened by the chairperson or, if the chairperson is not available, by the deputy chairperson.

Pursuant to Section 11 (3), resolutions of the Supervisory Board shall generally be passed in meetings. At the order of the Supervisory Board's chairperson, resolutions may also be passed without convening or holding a meeting of the Supervisory Board in written, by telefax, by telephone or by any other modern means of communication (i.e. by e-mail) on a case-by-case basis, provided that no objections are raised to this procedure by any member within a reasonable period of time set by the chairperson. Such resolutions shall be confirmed by the chairperson and shall be sent to all Supervisory Board members in writing.

Pursuant to Section 11 (4) the Supervisory Board has a quorum if at least half of the members of which it has to consist in total take part in the voting personally or by submitting their votes in writing pursuant to para. 5. Meetings of the Supervisory Board are chaired by the chairperson or the deputy chairperson. The form of voting is determined by the chairperson of the meeting. Members who abstain from voting are also considered to take part in the voting.

Supervisory Board members who cannot attend a meeting of the Supervisory Board may submit their votes in writing through another Supervisory Board member authorized in writing (Section 11 (5) of the Articles of Association of Deutsche Wohnen SE).

Section 11 (6) stipulates that, unless otherwise provided by law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. Abstentions in a vote shall not be counted when establishing the result of the vote. Should a vote be tied – also in the event of elections – the vote of the chairperson or, in case of his/her absence, the vote of the deputy chairperson is decisive.

Pursuant to Section 11 (7) of the Articles of Association of Deutsche Wohnen SE, minutes shall be taken of the discussions and resolutions of the Supervisory Board and committees, as applicable, to provide evidence, but not as a precondition of effectiveness. The minutes shall be signed by the chairperson of the meeting or, if votes take place outside of meetings, by the person chairing the vote or the committee's chairperson and shall be made available to all members.

Declarations of the Supervisory Board and its committees are made in the name of the Supervisory Board by the chairperson or, in case of his/her absence, by the deputy chairperson. Only the chairperson of the Supervisory Board and, in case of his/her absence, the deputy chairperson is authorized to accept declarations on behalf of the Supervisory Board (Section 11 (8)).

(j) Rules of procedure and confidentiality (Section 12 of the Articles of Association of Deutsche Wohnen SE)

The provisions contained in Section 12 of the Articles of Association of Deutsche Wohnen AG have been adopted without amendment in Section 8 (1) and (4) of the Articles of Association of Deutsche Wohnen SE. Section 8 (2) of the Articles of Association of Deutsche Wohnen AG corresponds to Section 9 (2) of the Articles of Association of Deutsche Wohnen SE.

Pursuant to Section 12 (1) of the Articles of Association, the Supervisory Board shall adopt rules of procedure for the Supervisory Board in accordance with the mandatory law and the provisions of these Articles of Association.

Section 12 (2) of the Articles of Association provides for regulations concerning confidentiality of

the members of the Supervisory Board. They shall maintain secrecy in respect of any confidential reports and confidential consultations as well as secrets of the company, notably business and trade secrets, that become known to them because of their membership of the Supervisory Board – even after the termination of their office term as a member of the Supervisory Board. The members of the Supervisory Board are bound to confidentiality especially in respect of obtained confidential reports and confidential consultations. Upon retirement from office, all confidential documents shall be returned to the chairperson of the Supervisory Board. In the event that a member of the Supervisory Board intends to pass information on to a third party, in particular concerning the content and course of the Supervisory Board's meetings as well as the content of proposals and resolutions of the Supervisory Board, he or she must first obtain the approval of the Supervisory Board's chairperson. The members of the Supervisory Board shall ensure that employees engaged by them observe the confidentiality obligations in the same manner.

(k) Place, convocation and attending (Section 13 of the Articles of Association of Deutsche Wohnen SE)

The regulations in Section 13 of the Articles of Association of Deutsche Wohnen SE have been adopted from the Articles of Association of Deutsche Wohnen AG almost unchanged. The only amendment is that the ordinary General Meeting of Deutsche Wohnen SE shall be held within six months of the end of the financial year (see Article 54 (1) of the SE Regulation) whereas the ordinary General Meeting of Deutsche Wohnen AG shall be held within the first eight months of the fiscal year (see Section 175 (1) sentence 2 AktG).

Section 13 (1) of the Articles of Association of Deutsche Wohnen SE stipulates that the company's General Meetings shall take place at the registered seat of the company or at the seat of a German stock exchange.

Pursuant to Section 13 (2), the General Meeting that resolves on the discharge of the acts of the members of the Management Board and the Supervisory Board, on the appropriation of the distributable profit, the election of the auditor and, if applicable, of the approval of the financial statements (ordinary General Meeting) shall be held within the first six months of each fiscal year.

In accordance with Section 13 (3) of the Articles of Association of Deutsche Wohnen SE, the Management Board is authorized to permit the audio-visual transmission of the company's General Meeting via electronical media in a manner to be determined by the Management Board in the convocation of the General Meeting.

The convocation of the General Meeting shall be published in the Federal Gazette and shall be subject to the statutory period (Section 13 (4)).

Pursuant to Section 13 (5) of the Articles of Association of Deutsche Wohnen SE, all holders of bearer shares who have duly submitted notification of attendance pursuant to para. 6 shall be entitled to attend the General Meeting and to exercise their voting rights. To exercise the rights of a holder of bearer shares, the holders of bearer shares must provide the company with evidence of their right to attend the General Meeting and to exercise the voting rights. Therefore, a special proof of shareholding prepared by a depository institution has to be submitted. The proof must refer to the reference date specified by law.

Section 13 (6) provides for that the notification of attendance pursuant to para. 5 and the proof pursuant to para. 5 sentence 2 have to be received by the Management Board at the registered seat of the company or by another body referred to in the convocation in text form (Section 126b BGB) and in German or English language at least six days prior to the General Meeting. This period does not include the day of the General Meeting and the day of receipt of the notification

of attendance and the proof.

Pursuant to Section 13 (7), an admission card will be issued for the shareholders who are allowed to attend the General Meeting.

Section 13 (8) of the Articles of Association of Deutsche Wohnen SE stipulates that the chairperson of the Supervisory Board and, in case of his/her absence, another member of the Supervisory Board which is appointed by the present members, is appointed to chair the General Meeting. In the case that neither the chairperson of the Supervisory Board nor any other member of the Supervisory Board chairs the general meeting the chairperson will be elected by the Supervisory Board pursuant to Section 13 (8) sentence 2 Articles of Association which has been modified accordingly.

Pursuant to Section 13 (9), the chairperson chairs the meeting and determines the order of the agenda as well as the manner and form of voting. The chairperson is authorized to impose a reasonable time limit on the right to ask questions and to speak. In particular, he or she may determine at the beginning or during the General Meeting an appropriate time frame for the course of the entire General Meeting, for discussion of individual agenda items as well as for individual questions and speeches. In doing so, the chairperson shall be guided by the need to ensure that the General Meeting is concluded within a reasonable and appropriate period of time.

Pursuant to Section 13 (10), the Management Board is authorized to provide in the convocation of the General Meeting that shareholders may participate in the General Meeting without being present in person at the place of the General Meeting or being represented and may exercise all or specific shareholders' rights in total or in part by electronic communication (online participation). The Management Board is also authorized to determine the detailed scope and procedure of the online participation.

In addition, the Management board is authorized to provide in the convocation of the General Meeting that shareholders may cast their votes in writing or by electronic communication without attending the General Meeting (*Briefwahl*). The Management Board is also authorized to determine the detailed procedure of the postal voting (Section 13 (11) of the Articles of Association of Deutsche Wohnen SE).

(I) Voting right and resolutions of the General Meeting (Section 14 of the Articles of Association of Deutsche Wohnen SE)

The provisions contained in Section 14 of the Articles of Association of Deutsche Wohnen AG have been adopted largely without amendment in Section 10 of the Articles of Association of Deutsche Wohnen SE. In accordance with Article 59 (1) and (2) of the SE Regulation in conjunction with Section 51 SEAG, a regulation concerning the majority requirements for amendments to the Articles of Association has been added (see below to Section 14 (3) sentence 2 of the Articles of Association).

Section 14 (1) stipulates in the same wording as Section 10 (1) of the Articles of Deutsche Wohnen AG, that each no-par value bearer share carries one vote.

Pursuant to Section 14 (2) of the Articles of Association of Deutsche Wohnen SE, which is identical to Section 10 (2) of the Articles of Deutsche Wohnen AG, the vote may be cast through a proxy. The statutory provisions shall apply concerning the granting of the proxy, its revocation and the evidence of authority. The convocation of the General Meeting may provide less strict requirements. To the extent permitted by law, different requirements may be provided by the convocation of the General Meeting concerning the granting of proxy authorization to possible proxies designated by the company.

Section 14 (3) sentence 1 of the Articles of Association of Deutsche Wohnen SE stipulates, that

resolutions of the General Meeting shall be passed with a simple majority of the votes cast and, as far as a capital majority is required, with a simple majority of the share capital, unless another majority is required by mandatory law or the Articles of Association. This corresponds to Section 10 (3) of the Articles of Association of Deutsche Wohnen AG. Sentence 2, which explains the majority requirements for amendments of the Articles of Association, has been added. Thus, amendments to the Articles of Association require a majority of two-thirds of the votes cast or, if at least one-half of the share capital is represented, the simple majority of the votes cast, unless mandatory legal provisions require another majority. This corresponds to the legal provisions of Article 59 (1) and (2) of the SE Regulation in conjunction with Section 51 SEAG.

Section 14 (4) of the Articles of Association of Deutsche Wohnen SE contains regulations concerning the arrangements for the elections – identical to Section 10 (4) of the Articles of Deutsche Wohnen AG. If, during an election – also as far as the election is exercised by successive voting on several resolution proposals – none of the candidates for individual mandates or the total of mandates to be allocated achieves the required majority (first ballot), a new resolution shall be passed in this respect (second ballot). In the second ballot, only candidates nominated in the first ballot are eligible. The maximum number of candidates running for office is two times the number of the remaining mandates to be allocated after the first ballot; if a larger number of candidates runs for office, only those who cast the highest absolute number of votes during the first ballot shall be subject to the resolution. The candidates receiving the most votes absolutely in this ballot shall be deemed elected.

Finally, Section 14 (5) stipulates in the same wording as Section 10 (5) of the Articles of Association of Deutsche Wohnen AG that the Supervisory Board is authorized to resolve amendments of the Articles of Association that only relate to its wording.

(m) Annual financial statements (Section 15 of the Articles of Association of Deutsche Wohnen SE)

The provisions contained in Section 15 of the Articles of Association of Deutsche Wohnen AG have been adopted without amendments from Section 11 of the Articles of Association of Deutsche Wohnen SE.

Pursuant to Section 15 (1) of the Articles of Association of Deutsche Wohnen SE, within the first three months of each fiscal year, the Management Board shall prepare for the preceding fiscal year the annual financial statements and the group annual financial statements (each with balance sheet, profit and loss statement and notes) as well as the respective management reports or the group management report for the company and the group and submit these documents after their preparation without undue delay to the Supervisory Board and the auditors for auditing. At the same time, the Management Board shall submit to the Supervisory Board a proposal for the appropriation of the profit (*Bilanzgewinn*) that shall be recommended to the General Meeting.

Section 15 (2) stipulates that the Supervisory Board shall review the annual financial statements, the group annual financial statements, the management report(s) for the company and the group for the preceding fiscal year as well as the proposal for the appropriation of the distributable profit and to report to the General Meeting in writing on the result of the review. The Supervisory Board has to transmit its report to the Management Board within one month after receipt of the documents which have to be provided pursuant to para. 1. At the end of the report, the Supervisory Board shall declare whether it approves the annual financial statements and the group annual financial statements prepared by the Management Board. If the Supervisory Board approves the annual financial statements after review, the annual financial statement is adopted

if neither the Management Board nor the Supervisory Board resolves to leave the approval of the annual financial statement to the General Meeting.

After receipt of the Supervisory Board's report on the result of its review, the Management Board shall convene the ordinary General Meeting without undue delay pursuant to Section 15 (3) of the Articles of Association of Deutsche Wohnen SE.

(n) Use of distributable profits (Section 16 of the Articles of Association of Deutsche Wohnen SE)

The provisions contained in Section 16 (1) of the Articles of Association of Deutsche Wohnen SE are identical to those contained in Section 12 of the Articles of Association of Deutsche Wohnen AG. Section 16 (2) of the Articles of Association of Deutsche Wohnen SE concerning the date to be due of shareholders' entitlements to a distribution of the distributable profit has been added.

Pursuant to Section 16 (1) of the Articles of Association of Deutsche Wohnen SE, the ordinary General Meeting resolves on the appropriation of the distributable profit shown in the adopted annual financial statements. The General Meeting may allocate further amounts to retained earnings or carry such amounts forward as profit or resolve a different use. The distributable profits will be distributed to the shareholders unless the General Meeting resolves otherwise. Instead of or in addition to distributing a cash dividend, the General Meeting may also resolve a distribution in kind.

The newly added Section 16 (2) provides for that insofar as the shareholders are entitled to a distribution of the distributable profits, the entitlement will in general be due on the third working day following the General Meeting's resolution. Within the limits of the statutory requirements, the General Meeting may also resolve a later due date in each case for the distributable profits in total or only certain parts of it.

This amendment has been made due to the amendment to the German stock corporation law (*Aktienrechtsnovelle 2016*). With effect from January 1st, 2017, Section 58 (4) AktG will be amended so that the entitlement to a distribution of the distributable profit shall be due on the third working day following the General Meeting, unless the resolution or the Articles of Association determine a later date to be due. At present, the entitlement of the shareholders to a distribution of the distributable profit is due immediately (see Section 271 BGB) as there is no special regulation in the AktG. According to the explanatory memorandum (BT Drs. 18/4349, p. 19), the new regulation on the date to be due aims to implement the European Market Standards for Corporate Actions Processing of 2012 and therefore to harmonize the securities settlement in Europe.

Section 16 (3) of the Articles of Association of Deutsche Wohnen SE has been added. It provides for that, with the consent of the Supervisory Board, the Management Board may distribute to the shareholders an advance payment on the expected net profit after the end of the fiscal year under the conditions of Section 59 AktG. This option is also viable for German incorporated companies.

(o) Raising of capital and costs of formation/transformation (Section 17 of the Articles of Association of Deutsche Wohnen SE)

Section 17 of the Articles of Association of Deutsche Wohnen SE has been added.

Section 17 (1) provides for that the company's share capital is raised by conversion of Deutsche Wohnen AG with its registered office in Frankfurt am Main, previously registered in the commercial register of the local court of Frankfurt am Main under HRB 42388. Section 17 (1) has been added due to the respective requirements regarding the formation of stock corporations.

Pursuant to Section 17 (2) of the Articles of Association of Deutsche Wohnen SE, the costs related to the change of legal form from Deutsche Wohnen AG into Deutsche Wohnen SE, in particular the costs for the court and the notary, the costs of the employee involvement procedure and the special negotiating body, the conversion audit costs, the costs for publication as well as costs for legal and other advice, shall be borne by the company up to a maximum amount of EUR 1.5 million.

§ 7 IMPLICATIONS OF THE CONVERSION

7.1 Corporate-law implications

(a) Legal implications of the conversion

The conversion of Deutsche Wohnen AG to a SE does not result in the dissolution of the Company or in the creation of a new legal person (Article 37 (2) of the SE Regulation). The legal and economic identity of the company is preserved by the change of legal form. For this reason, there is also no transfer of assets. The shareholders retain their shareholdings in the company without changes. However, the law governing the company changes as a result of the change of legal form, since the law applicable to a SE that has its registered seat in Germany will then apply; as a result of various references these legal provisions largely correspond to those applicable to a German stock corporation.

Article 37 (9) of the SE Regulation in particular provides that the rights and obligations of the company to be converted relating to the terms and conditions of employment and existing at the date of the registration will be „transferred“ to the SE.

(b) Dividend entitlement

There are no differences between Deutsche Wohnen AG and Deutsche Wohnen SE with regards to the dividend entitlement of the shareholders. As at Deutsche Wohnen AG, the General Meeting of Shareholders decides on the use of the earnings of Deutsche Wohnen SE.

(c) Shareholdings at Deutsche Wohnen SE after the conversion

The shareholdings of the shareholders will remain unchanged following the conversion to a SE. The shareholders will, after the conversion, hold the same number of shares in Deutsche Wohnen SE that they held in Deutsche Wohnen AG immediately prior to the effective date of conversion. The notional value represented by each no-par value bearer share will also remain the same as immediately prior to the effective date of conversion.

(d) Other corporate-law implications

Regarding other corporate-law implications, it is referred to the comparison of structural elements, in particular of the legal position of the shareholders, Deutsche Wohnen AG and Deutsche Wohnen SE, in Section 4 of this Report and the explanation of the Articles of Association of Deutsche Wohnen SE in Section 6.2 of this Report.

7.2 Accounting-related implications of the conversion

The conversion of Deutsche Wohnen AG to a SE will not have any implications related to the accounting of the Company. Due to the conversion preserving the Company's identity, this conversion does not result in the dissolution of the company or in the creation of a new legal

entity (Article 37 (2) of the SE Regulation). With regards to the annual financial statements, the management report, the group annual financial statements and the group management report, the same provisions will apply at Deutsche Wohnen SE as are applicable to a German stock corporation.

7.3 Tax implications of the conversion

This section contains a brief summary of some material tax principles which are or may be relevant in connection with the conversion preserving the Company's identity. This summary is not an exhaustive and complete description of all tax aspects that may be relevant for the shareholders of Deutsche Wohnen AG or Deutsche Wohnen SE. It is based on German tax law as applicable at the time of preparation of this Conversion Report, which is subject to change, possibly also with retroactive effect. The shareholders of Deutsche Wohnen AG or Deutsche Wohnen SE are therefore advised to consult their own tax advisers with regard to the possible tax effects of the conversion preserving the company's identity and of the acquisition, holding and disposal of shares in Deutsche Wohnen AG or Deutsche Wohnen SE. The tax advisers are in a position to adequately consider the particular tax position of the individual shareholder.

(a) Taxation of the conversion

Deutsche Wohnen AG assumes that the conversion preserving the company's identity to a SE that has its registered seat and place of management in Germany will not have any income tax effect nor trigger any obligation to pay German VAT or property transfer tax. After the conversion, the shareholders of Deutsche Wohnen AG will retain their shareholdings in the Company unchanged. Against this background Deutsche Wohnen AG assumes that the conversion will not result in a taxable profit or a loss that is relevant for taxation purposes for the shareholders of Deutsche Wohnen AG.

(b) Taxation of the future Deutsche Wohnen SE and its shareholders

Following the conversion, the tax situation of Deutsche Wohnen SE will be the same as that of Deutsche Wohnen AG prior to the conversion. For the purposes of ongoing income taxation, Deutsche Wohnen SE will be treated like a German corporation and will be subject to corporate income tax and trade tax in the same way as Deutsche Wohnen AG previously was.

Future dividend distributions by Deutsche Wohnen SE as well as disposals of shares in Deutsche Wohnen SE will generally be treated, at the level of the shareholders of Deutsche Wohnen SE, in the same way as dividend distributions by Deutsche Wohnen AG or disposals of shares in Deutsche Wohnen AG, unless applicable law or the factual circumstances change.

7.4 Implications of the conversion relating to the shares in the Company and its listing

The conversion of Deutsche Wohnen AG to Deutsche Wohnen SE has only little impact on the shares in the company and its listing.

Because the change of legal form will leave the legal identity of the Company unaffected, the shareholders of Deutsche Wohnen AG will become shareholders of Deutsche Wohnen SE upon the conversion. The shares in the company will continue to be no-par value bearer shares in bearer form following the conversion. After the conversion the share certificates of the Company will be exchanged (see Section 2.6 of this Report). Since the shares in Deutsche Wohnen AG are represented by global share certificates, this will be achieved by way of an exchange of global share certificates.

The Deutsche Wohnen shares (ISIN DE000A0HN5C6) are listed on the stock exchange of

Frankfurt am Main (XETRA).

Trading in Deutsche Wohnen shares will not be affected by the conversion. Following the conversion, the shareholders of the former Deutsche Wohnen AG will continue to be able to trade their shares (which will then be shares in Deutsche Wohnen SE) on each of the stock exchanges specified above on which the shares are listed. The conversion will not affect the inclusion of the share in any stock exchange indices either. Also, because the identity of the Company is preserved in the course of the conversion it will not be necessary to arrange for the re-listing of the Deutsche Wohnen SE shares. Due to the change of the Company name to Deutsche Wohnen SE, merely the quotation must be adjusted to the new Company name.

7.5 Implications of the conversion on employees

The conversion of Deutsche Wohnen AG into Deutsche Wohnen SE only has the implications as described above (see Section 6.1 (h) and (i) of this Report and Sections 8 and 9 of the Conversion Plan). In particular, the existing employment agreements will continue to be in effect.

Frankfurt am Main/Berlin, April 24, 2017

Deutsche Wohnen AG

The Management Board

Michael Zahn (CEO)

Lars Wittan (CIO)

Philip Grosse (CFO)