

Deutsche Wohnen AG

- » **Summary of reasoned opinion on Vonovia's hostile offer**
14 December 2015

» Vonovia's hostile offer is inadequately low

Offer consideration inadequate

- **Unacceptably low premium for premier real estate asset in Germany**
 - Discount to Deutsche Wohnen's intrinsic value
 - Discount to median broker target price
 - Discount to premia paid in other relevant transactions
- **Financial advisors confirm inadequacy of offer**

Synergies unrealistic and more than outweighed by dis-synergies

- **Maximum gross synergies of EUR 20m**
 - EUR 84m communicated by Vonovia unrealistic – max. EUR 20m cost synergies achievable from overhead optimization and portfolio management
- **Significant dis-synergies expected**
 - Recent bond financing of Vonovia already illustrates dis-synergy potential – >100bps higher credit spread
 - Partial loss of tax loss carry forward will burden FFO

Loss of premium valuation due to combination with higher risk company

- **Transaction leads to an investment into a higher risk / lower return company with ...**
 - Significantly higher financial risk and higher cost of financing
 - Lower rental growth and rent potential than Deutsche Wohnen stand-alone
 - Lower profitability and efficiency
 - Lower portfolio quality and NAV potential
- **Combination with Vonovia would mean the loss of Deutsche Wohnen's premium valuation**

Offer conditions and terms unclear

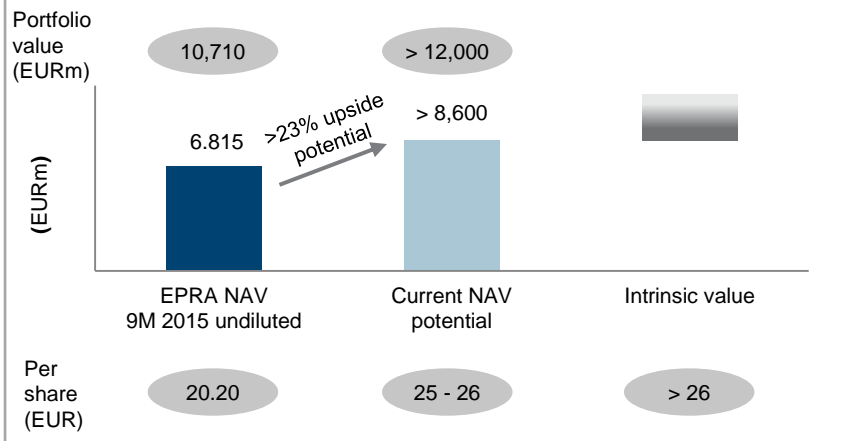
- **Some offer conditions open to interpretation by Vonovia**
- **Despite all prior commitments: Vonovia explicitly reserved the right to waive acceptance threshold**

Deutsche Wohnen shareholders should NOT tender their shares!

» Discount to Deutsche Wohnen's intrinsic portfolio value

Significant value upside based on observed current market yield compression

(H1 2015)	Core+	Core	Non-core	Total
Portfolio appraised value (EURm)	9,291	860	136	10,287
Portfolio appraised value (EUR/sqm)	1,216	852	635	1,160
In-place rent appraised multiple (x)	17.2x	13.4x	11.9x	16.7x
Observed transaction multiples in the market (x)	>20x	14-17x	10-13x	> 19.5x
Value upside potential (EURm)^(a)				> 1,750



Strong market fundamentals underpinning rental growth and value generation in Core+ / Core markets

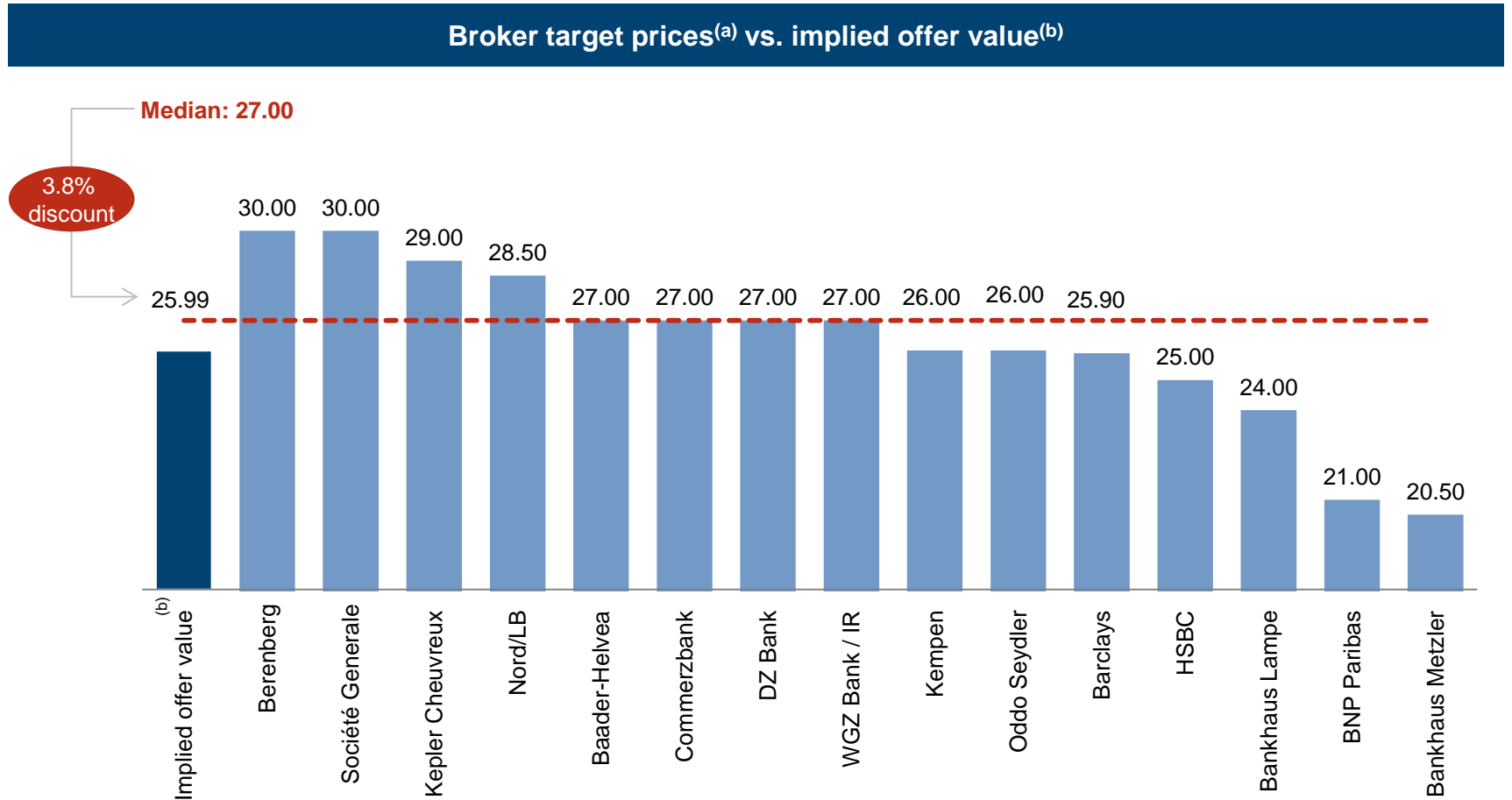
- Core+ markets experiencing continued supply shortage, increasing new construction cost and additional demand volume intensified by unprecedented inflow of refugees
- Significant valuation upside driven by current yield compression and like-for-like rental growth momentum
 - Multiples observed on portfolio transactions significantly exceed the current book values
 - Expected rental growth in 2015 for the entire portfolio of c. 3.5%^(b)
 - Like-for-like rental growth in Berlin in 2015 expected to be c. 4.0%^(b) (individual portfolios provide for up to 6% rental growth)

- As a consequence, intrinsic value per share > EUR 26 for the stand-alone portfolio, not considering any value for the highly efficient platform that is operating the portfolio

Offer represents a discount to Deutsche Wohnen's intrinsic portfolio value

(a) Portfolio valuation at current transaction multiples in respective markets; (b) Letting portfolio

» Discount to median broker target price

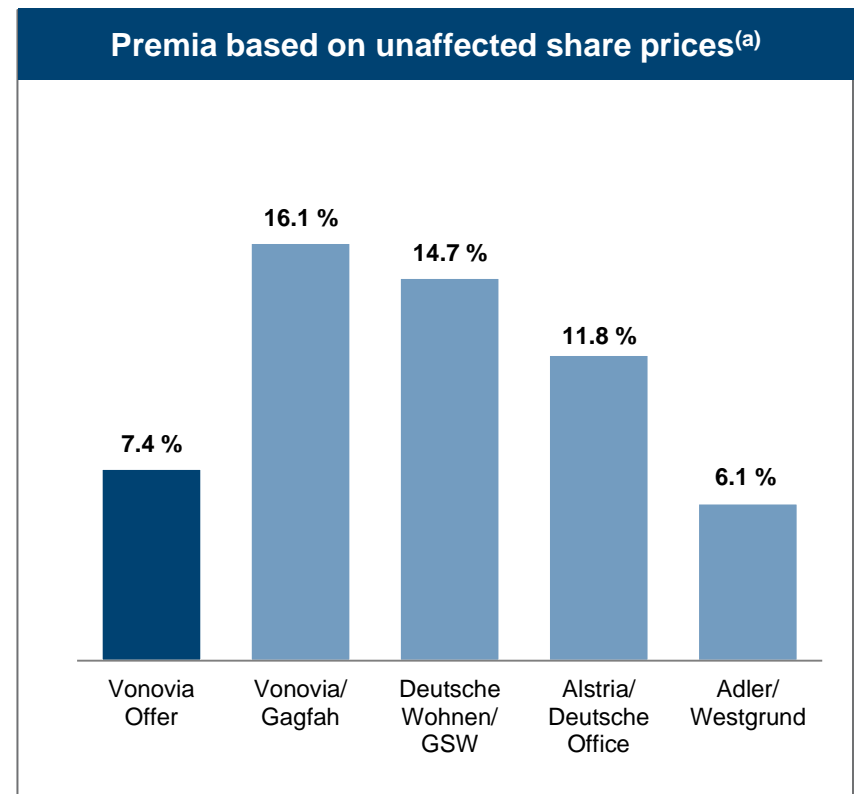
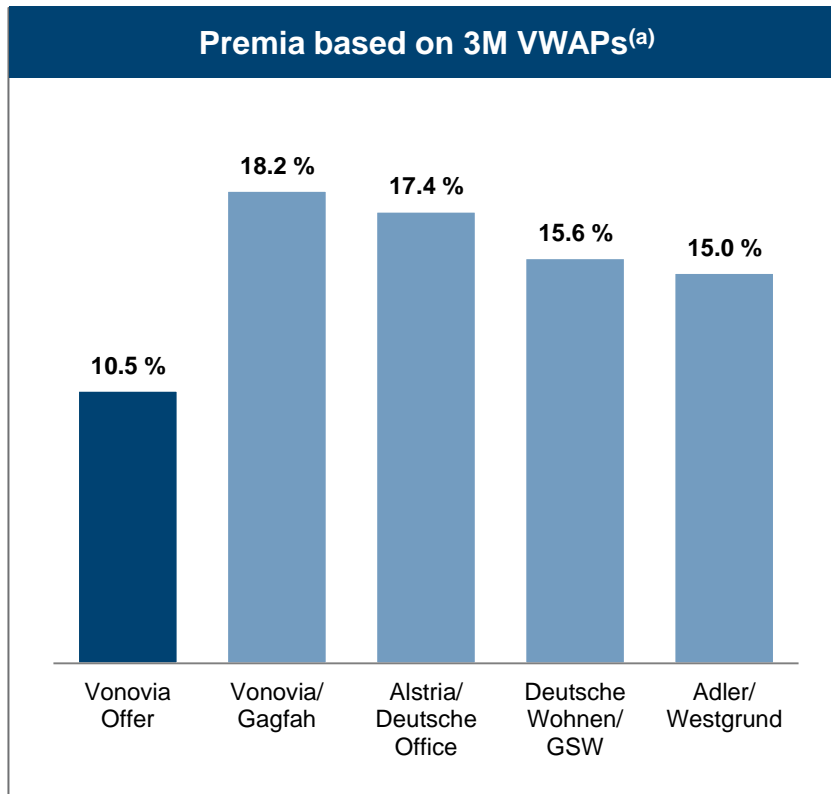


Implied offer value is almost 4% below median of broker target prices. 10 of 15 broker target prices are higher than the implied offer value

Source: Bloomberg, Thomson Reuters, broker research reports

(a) Broker target prices as of 11 December 2015; restricted brokers include Bank of America Merrill Lynch (last target price before restriction: EUR 21.10), Citi (EUR 29.70), Credit Suisse (EUR 25.40), Deutsche Bank (EUR 28.00), Goldman Sachs (EUR 23.50), J.P. Morgan (EUR 27.00), Morgan Stanley (EUR 33.00) and UBS (EUR 25.20); (b) Based on undisturbed share prices of Deutsche Wohnen and Vonovia as of 13 October 2015

» Discount to premia paid in other relevant transactions

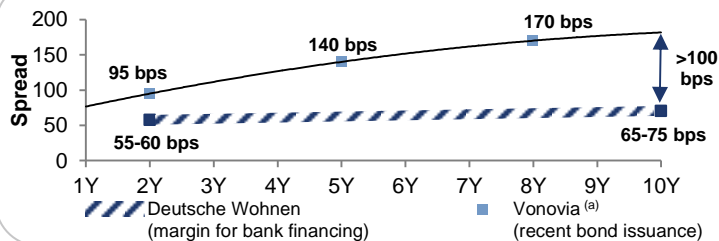


Offer premium significantly below comparable transactions in German real estate

Source: Offer documents
(a) Not adjusted for dividends

» Synergies unrealistic and more than outweighed by dis-synergies

- Realistic synergy potential of max. EUR 20m (pre-tax)
- EUR 84m proposed by Vonovia – inflated and unrealistic



- Dis-synergies already materializing as evidenced by Vonovia's recent bond financing
- Proof point of more cost efficient secured bank vs. unsecured bond financing
- Spread of >100 bps vs. DWs bank margin

- Partial loss of tax loss carry forward
- Higher tax rate will burden FFO in the midterm

- **Significant dis-synergies more than outweigh realistic gross synergies**

- **Maximum of EUR 20m gross synergies available**
- **Significant dis-synergies of up to EUR (30)m expected**
- **In addition significant transaction costs of EUR >150m and synergy realisation costs of ~EUR 80m**

FFO Impact^(c):

EUR 20m

EUR (10-15)m^(b)

EUR (10-15)m

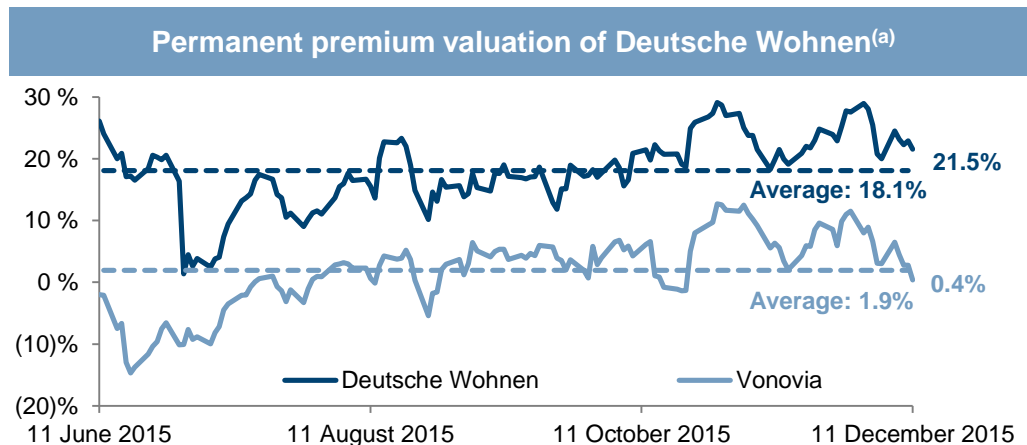
EUR (0-10)m

Source: Bloomberg, Vonovia bond raise presentation (10 December 2015)

(a) Based on spreads at pricing from Vonovia's bond raise as of 09 December 2015; (b) Assumes margin spread of 100bps and unencumbered asset ratio of 50% applied to EUR 5.2bn less EUR 500m bond and less convertible bonds;

(c) Pre-tax impact on FFO

» Loss of premium valuation due to combination with a higher risk company



Value at risk	
Current premium to EPRA NAV of Deutsche Wohnen	21.5%
Current premium to EPRA NAV of Vonovia	0.4%
Valuation gap	(21.1)%
Valuation gap applied to Deutsche Wohnen Portfolio ^(b)	EUR (1.4)bn

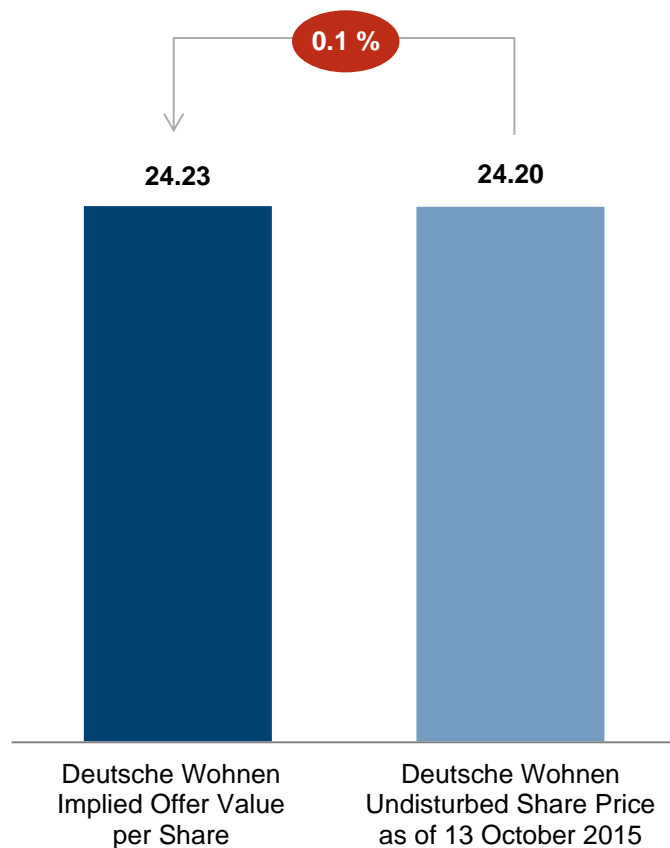
Vonovia risk factors	Lower profitability	<ul style="list-style-type: none"> Deutsche Wohnen delivered higher EBITDA margins, in every year and irrespective of definition Q3 2015 adj. EBITDA margins excl. disposals for Deutsche Wohnen at 72.2% vs. Vonovia at 68.6%^(c)
	Lower portfolio quality	<ul style="list-style-type: none"> 3.5% I-f-I rental growth for Deutsche Wohnen in 2015E compared to 2.8 - 2.9% for Vonovia High share of Core+ regions in Deutsche Wohnen leads to higher growth potential
	Higher financial risk	<ul style="list-style-type: none"> Structurally disadvantageous financing approach of Vonovia Deutsche Wohnen has a lower leverage, longer maturities and better rating
	Higher financing costs	<ul style="list-style-type: none"> Vonovia's recent bond placement underpins structural disadvantage of currently more than 100 bps Corresponding financing by DW via bank market would have resulted in interest savings of c. EUR 20m p.a.^(d) Vonovia forced to use less cost efficient unsecured bond market for upcoming up to EUR 6bn refinancing to avoid rating downgrade

Transaction would put the premium valuation of Deutsche Wohnen at risk

Source: Company reports, Bloomberg as of 11 December 2015

(a) EPRA NAV per share refers to reported figures, includes goodwill and is based on basic number of shares; (b) 21.1% discount applied to Deutsche Wohnen's undiluted EPRA NAV of EUR 6.8bn as of 30 September 2015; (c) Please see our 9M 2015 results presentation for further details; (d) Calculation based on margin spread of Vonovia vs. Deutsche Wohnen's respective bank margin for each tranche from Vonovia's bond raise as of 09 December 2015

» Valuation of the offer based on EPRA NAV

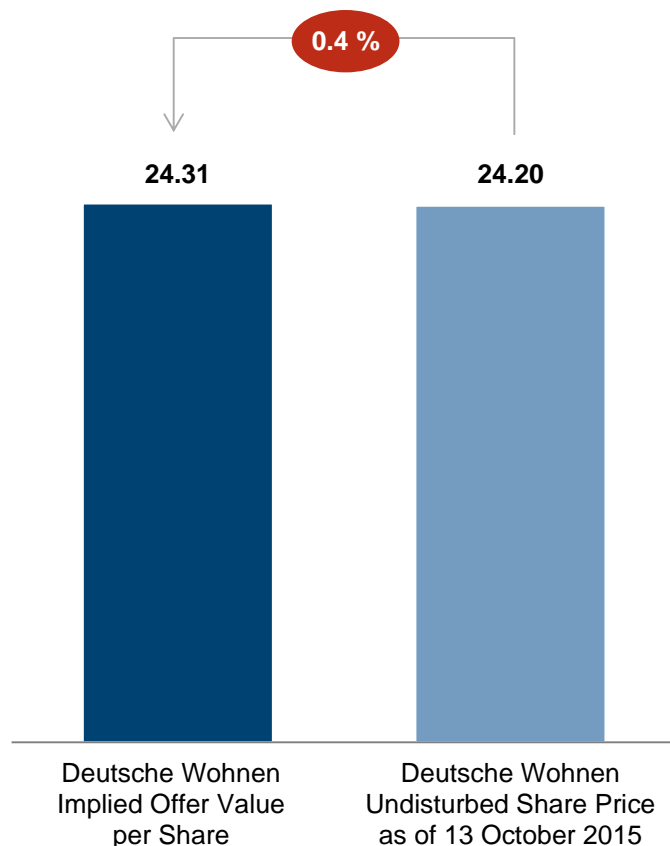


In EUR m	
Vonovia Diluted EPRA NAV incl. Goodwill (30 September 2015)	12,662
Deutsche Wohnen Diluted EPRA NAV incl. Goodwill (30 September 2015)	7,702
Cash Component ^(a)	(2,851)
Transaction Costs	(157)
Pro-Forma Combined EPRA NAV	17,357
Deutsche Wohnen Stake in Combined Company	34%
Deutsche Wohnen Stake in EPRA NAV per Share ^(b)	15.64
Vonovia Premium to EPRA NAV ^(c)	6.6%
Value per Share Deutsche Wohnen – Share Component ^(d)	16.67
Value per Share Deutsche Wohnen – Cash Component	7.56
Offer Value per Share to Deutsche Wohnen Shareholders	24.23

Almost no value accretion based on an EPRA NAV valuation

(a) Based on cash component per share of EUR 7.56 and diluted shares of Deutsche Wohnen of 377.2m (assuming conversion of convertible bonds under change-of-control conditions); (b) Calculated as pro-forma combined EPRA NAV attributable to Deutsche Wohnen shareholders (EUR 5,901m) divided by 377.2m diluted shares outstanding; (c) Derived from comparison of Vonovia EPRA NAV per share of EUR 27.17 as per 30 September 2015 with Vonovia undisturbed share price of EUR 28.96 as per 13 October 2015; (d) Premium to EPRA NAV of Vonovia has been applied to pro-forma EPRA NAV of the combined company. Per share value for Deutsche Wohnen based on 377.2m diluted shares outstanding

» Valuation of the offer based on FFO I

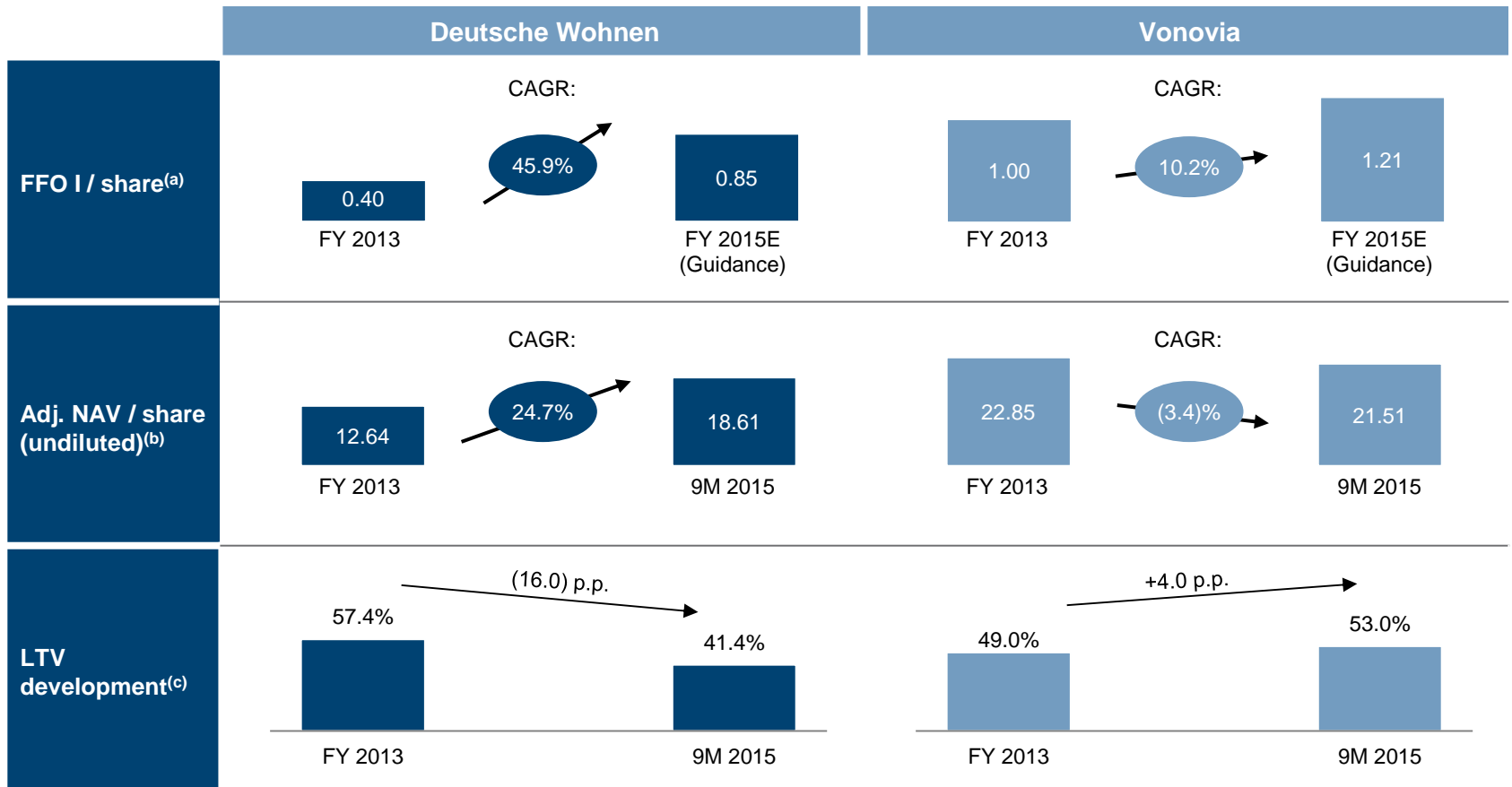


In EUR m	Pro-Forma LTV: 57%	Target LTV: 50%
Deutsche Wohnen FFO I run-rate ^(a)	370	370
Vonovia FFO I Guidance 2016E ^(b)	659	659
Financing Costs ^(c)	(49)	(49)
Reduction of Financing Costs due to Deleveraging ^(d)	-	43
Pro-Forma Combined FFO I 2016E	980	1,024
Deutsche Wohnen Stake in Combined Company	34%	30% ^(e)
Deutsche Wohnen Stake in FFO I per Share ^(f)	0.88	0.82
Vonovia FFO I 2016 Yield ^(g)	4.9%	4.9%
Value per Share Deutsche Wohnen – Share Component ^(h)	18.09	16.75
Value per Share Deutsche Wohnen – Cash Component	7.56	7.56
Offer Value per Share to Deutsche Wohnen Shareholders	25.64	24.31

Close to no value accretion based on a FFO I valuation

(a) Deutsche Wohnen FFO I guidance 2016E of EUR 330m adjusted for EUR 40m run-rate contribution from portfolio acquisition announced in November 2015; (b) Based on Vonovia mid-point guidance of FFO I 2016E per share (including interest of perpetual hybrid bond); (c) As announced by Vonovia; (d) Based on pro-forma GAV of EUR 34.4bn, pro-forma net financial debt of EUR 19.6bn, required LTV reduction of c. 7% and financing costs (post-taxes) of 1.8%; (e) Adjusted for additional shares to be issued to achieve target LTV of 50%; (f) Calculated as pro-forma combined FFO I 2016E attributable to Deutsche Wohnen shareholders divided by 377.2m diluted shares outstanding; (g) Vonovia FFO I 2016 of EUR 659m divided by Vonovia market capitalization as of 13 October 2015; (h) Vonovia FFO I 2016E yield has been applied to pro-forma EPRA NAV of the combined company. Per share value for Deutsche Wohnen based on 377.2m diluted shares outstanding

» Yield and value upside at low risk profile



Superior cash flow generation and NAV growth while reducing risk profile

Source: Vonovia figures based on Vonovia annual report 2013 and 2014, Q2/Q3 2015 reports and Q3 2015 presentation

(a) Deutsche Wohnen: FFO I excluding minorities divided by end of period undiluted shares outstanding and mid-point guidance of FFO I 2015E divided by undiluted shares outstanding (FY 2013: EUR 114.5m, 286.2m; 2015E: EUR 285-290m; 337.4m); Vonovia: FFO I after interest of perpetual hybrid bond divided by end of period undiluted shares outstanding and mid-point guidance of FFO I 2015E per share (FY 2013: EUR 223.5m, 224.2m; 2015E: EUR 1.20 - 1.22); (b) Deutsche Wohnen: Reported EPRA NAV adjusted for goodwill divided by undiluted shares outstanding (9M 2015: 337.4m; FY2013: 286.2m); Vonovia: Reported EPRA NAV adjusted for goodwill divided by undiluted shares outstanding (9M 2015: 466.0m; FY 2013: 224.2m); (c) Vonovia LTV including perpetual hybrid bond as debt and impact from recent portfolio sales

» Timeline – Where do we stand?

01 December

Publication of offer document by Vonovia

14 December

Publication of reasoned opinion by Deutsche Wohnen

26 January

Initial offer period ends

IMPORTANT

Extended offer period, only if tender threshold achieved:
shares can be tendered under the same offer terms/conditions

~15 February

Extended offer period ends

Deutsche Wohnen shareholders should NOT tender their shares!

» Disclaimer

This presentation contains forward-looking statements including assumptions, opinions and views of Deutsche Wohnen or quoted from third party sources. Various known and unknown risks, uncertainties and other factors could cause actual results, financial positions, the development or the performance of Deutsche Wohnen to differ materially from the estimations expressed or implied herein. Deutsche Wohnen does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor do they accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecasted developments. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and accordingly, none of Deutsche Wohnen AG or any of its affiliates (including subsidiary undertakings) or any of such person's officers, directors or employees accepts any liability whatsoever arising directly or indirectly from the use of this document. Deutsche Wohnen does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation.

Deutsche Wohnen AG

Registered Office
Pfaffenwiese 300
65929 Frankfurt/Main

Berlin Office
Mecklenburgische Straße 57
14197 Berlin
Phone: +49 30 897 86 5413
Fax: +49 30 897 86 5409