

Ad hoc Announcement

Public Disclosure of Inside Information according to Article 17 para. 1 of the Regulation (EU) No 596/2014 on Market Abuse (Market Abuse Regulation – MAR)

Key word(s): Mergers & Acquisitions/Merger

Deutsche Wohnen and Vonovia sign agreement on merger of both companies

Berlin, May 24, 2021 – Today, Deutsche Wohnen SE (ISIN DE000A0HN5C6) („Deutsche Wohnen“) and Vonovia SE („Vonovia“) entered into business combination agreement (“BCA”) regarding the merger of both companies. In this context, Vonovia has announced its intention to launch a voluntary public takeover offer pursuant to Section 10 para. 1 sent. 1, para. 3 of the German Takeover Act (Wertpapiererwerbs- und Übernahmegesetz) (“WpÜG”) for all outstanding shares of Deutsche Wohnen against a consideration in cash in the amount of EUR 52.00 per share. In addition, a cash dividend of EUR 1.03 per share is to be paid to the shareholders of Deutsche Wohnen for the 2020 financial year in accordance with the proposed resolution for the annual general meeting of Deutsche Wohnen on June 1, 2021, which will bring the total value of the planned takeover offer to EUR 53.03 per Deutsche Wohnen share.

Vonovia thus offers a premium of 17.9 % on the closing price of Deutsche Wohnen on May 21, 2021 and of 25 % to the three-month volume-weighted average price of Deutsche Wohnen shares as of May 21, 2021. The proposed takeover offer will be subject to a minimum acceptance rate of 50% of the outstanding shares in Deutsche Wohnen, merger control clearance and other customary conditions. Deutsche Wohnen and Vonovia expect that the merger control clearance will in any case be granted before the end of the acceptance period of the planned takeover offer.

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

The business combination will lead to the creation of Europe's largest residential real estate group with a projected combined market capitalization of around EUR 45 billion and a combined real estate portfolio value of approx. EUR 90 billion.

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The combined company will carry the name “Vonovia SE”. The registered office of the combined company is to remain in Bochum following the business combination, with the combined company being managed from Bochum and Berlin. The BCA also sets forth certain governance rights for the combined company. Mr. Michael Zahn is to be appointed as deputy chairman of the management board and Mr. Philip Grosse as chief financial officer of Vonovia. Furthermore, an executive committee below the management board is to be established, in which Mr. Henrik Thomson and Mr. Lars Urbansky will serve. Following completion of the takeover offer, two persons will be appointed to the supervisory board of Vonovia, upon recommendation by Deutsche Wohnen prior to completion of the takeover offer. Moreover, Mr. Michael Zahn and Ms. Helene von Roeder are to become members of the supervisory board of Deutsche Wohnen.

As part of the business combination of Deutsche Wohnen and Vonovia, the two companies are taking responsibility for a social and sustainable housing policy. As the largest private housing providers in Berlin, they have concluded a “Future and Social Housing Pact” with the federal state of Berlin. Deutsche Wohnen and Vonovia have also agreed that they will abstain from operations-related redundancies with effect from a date prior to December 31, 2023 in connection with the transaction.

In connection with the transaction, Deutsche Wohnen and Vonovia have also agreed on the sale and transfer up to 16,070,566 but at least 12,708,563 treasury shares of Deutsche Wohnen to Vonovia, at a price of EUR 52.00. In addition, the management board of Deutsche Wohnen, with the approval of the supervisory board, has resolved to increase the share capital of Deutsche Wohnen by up to EUR 12,130,478 by issuing to Vonovia 12,130,478 new shares, provided that Vonovia requests this by June 20, 2021 and Vonovia's shareholding does not exceed 37,833,806 shares as a result of this capital increase. Furthermore, Deutsche Wohnen and Vonovia have agreed that Deutsche Wohnen will exercise its right to cash payment instead of delivery of shares in respect of the outstanding convertible bonds of Deutsche Wohnen upon conversion in the event of a change of control.

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End of announcement

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