

Deutsche Annington Immobilien SE

Capital Markets Day

“Meet the management”

Berlin, June 15-16, 2015



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Tables and diagrams may include rounding effects.

Capital Markets Day 2015 – Agenda Day 2

09:00 – 10:00	CEO Presentation + Q&A
10.15 – 12:30	Round Table Meetings
13:30 – 13:30	Lunch
13:30 – 15:45	Round Table Meetings



Extension:

Klaus Freiberg (COO), Konstantina Kanellopoulos (Head of Product Management)

Process & IT Management:

Thomas Zinnöcker (Deputy CEO), Dr. Karsten Rech (Head of Process & IT Management)

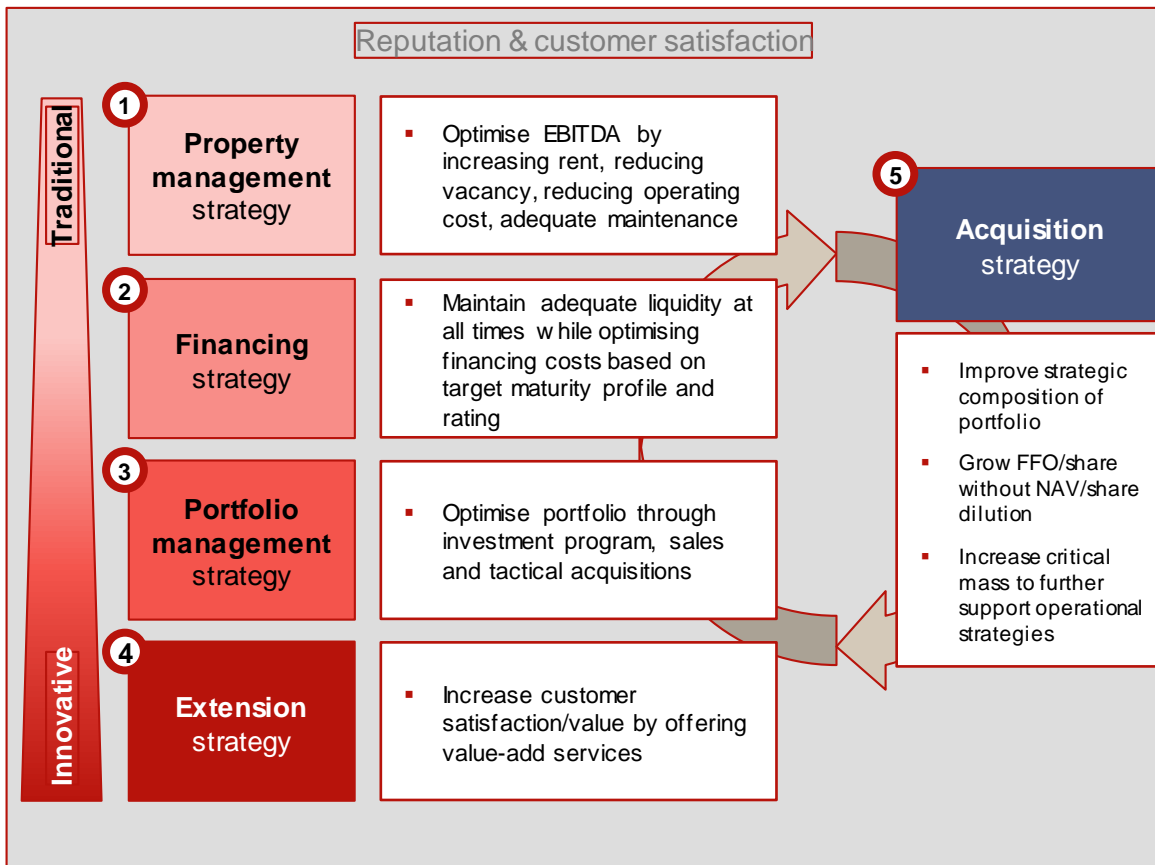
Financing:

Dr. A. Stefan Kirsten (CFO), Lars Schnidrig (Head of Finance & Treasury)

Portfolio Management & Valuation:

Gerald Klinck (CCO), Inger Giwer-Gaul (Head of Portfolio Controlling)

Four engine blocks and a turbo



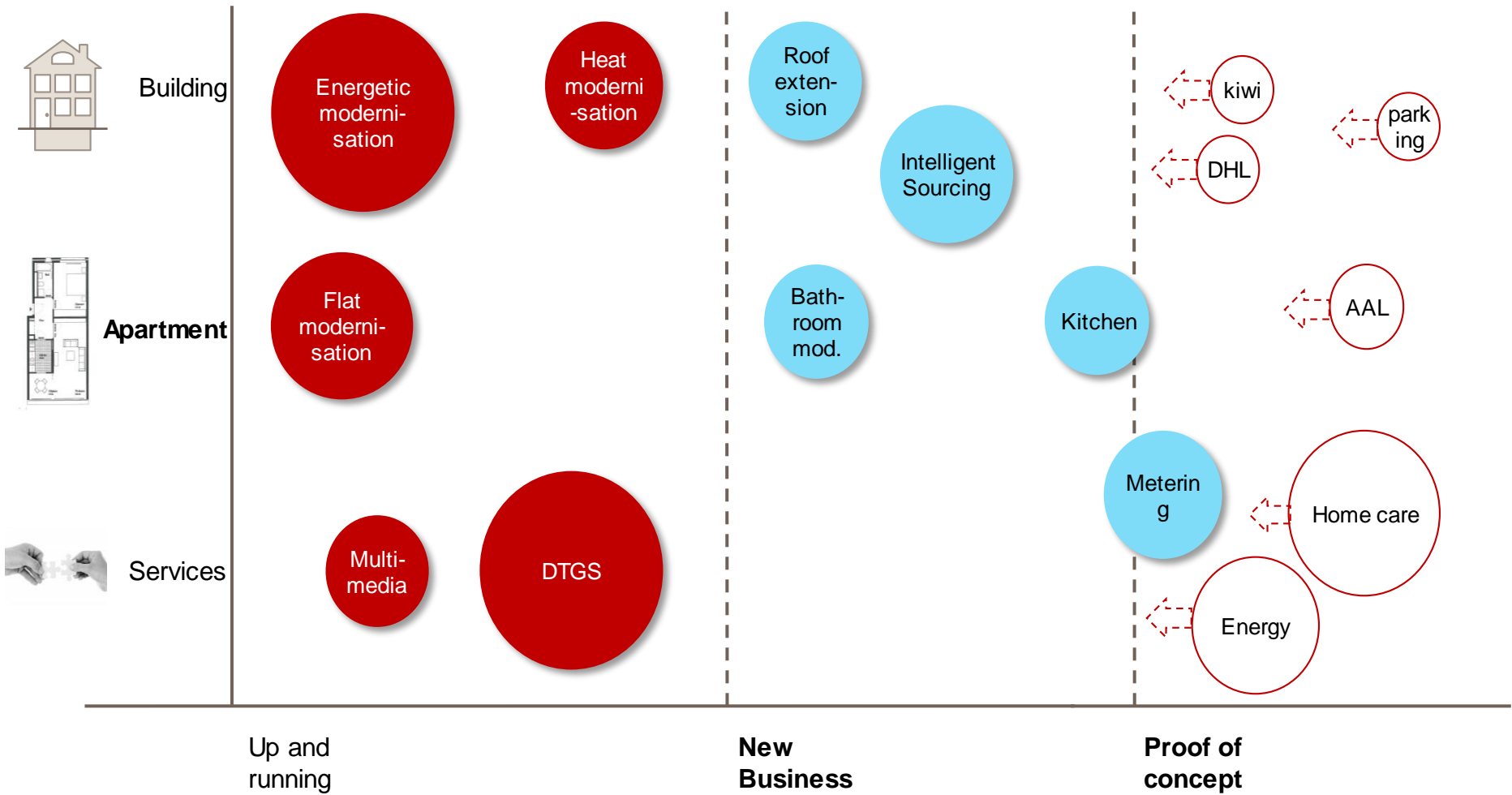
Engineering the next generation in German residential real estate

- Engine blocks 1 & 2 ensure a decreasing cost basis and keep the organisation lean.
- Engine blocks 3 & 4 create sustainable growth and power the portfolio value generation. We are changing the product.
- Acquisitions accelerate all four engine blocks but are not a prerequisite for a well-running machine or the growth of our business.

The four main blocks provide for a smoothly-running, powerful engine that delivers sustainable long-term growth.

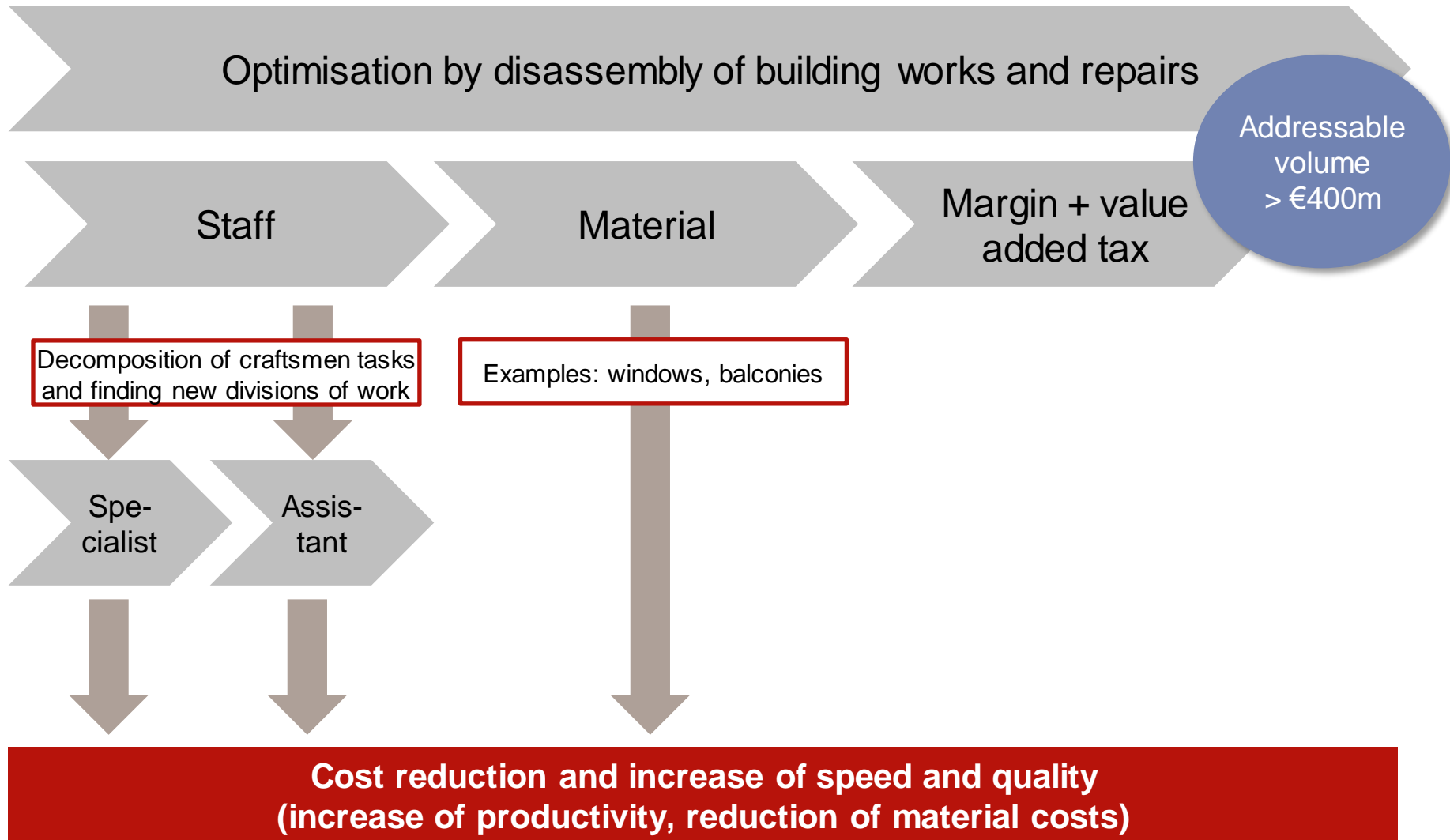
Selective acquisitions provide a turbo to further boost the engine's performance.

Building on a strong real estate platform, our Extension Strategy continuously creates value with innovative businesses



Diversified, holistic product offering for our tenants, significantly more than only bricks and mortar

TGS – insourcing and holistic management of value chain allows for significant cost reductions



“Re-thinking” the supply chain: direct sourcing of windows from a CEE/SEE sub-manufacturer

Direct sourcing of windows

- Deconstruction of the current process
- Understanding the supply market and production industry
- Establishment of direct sourcing channels
- Increase inhouse expertise

Status & potential

- Supplier identified in CEE/SEE - quality certificated by external institute
- Pilot project in Hamburg successfully completed, operational roll-out in 2015 started
- Current window investment volume: € 40m
- 40% cost saving potential compared to market price identified

Insights

Current Process

Future Process

1.

Measurement (external)

Measurement (internal)

2.

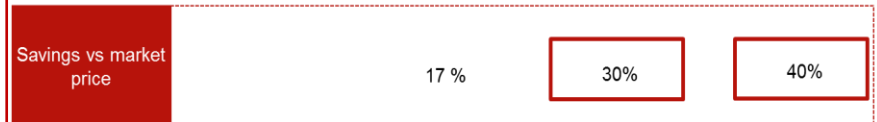
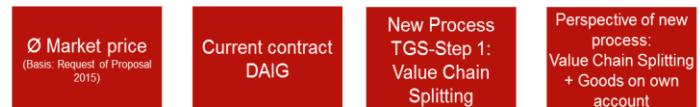
Purchasing from German Wholesaler

Purchasing from CEE/SEE sub-manufacturer

3.

Installation (external)

Installation (internal)



Roof conversion / extension at competitive cost offers win-win situation for our tenants and us

Project example

- Frankfurt: Construction of approx. 1,100 m² additional rental space resp. 20 residential units in compliance with the EnEV 2009
- Usage of pre-fabricated building elements
- Additional value-add through thermal insulation of the façade

Status

- Pre-fabricated building technique tested and implemented
- In 2015: 10 roof conversion projects planned
- Cost for roof conversion / extension significantly lower than new construction cost
- New letting of extended units allows a rent in line with market rent for new buildings

Insights

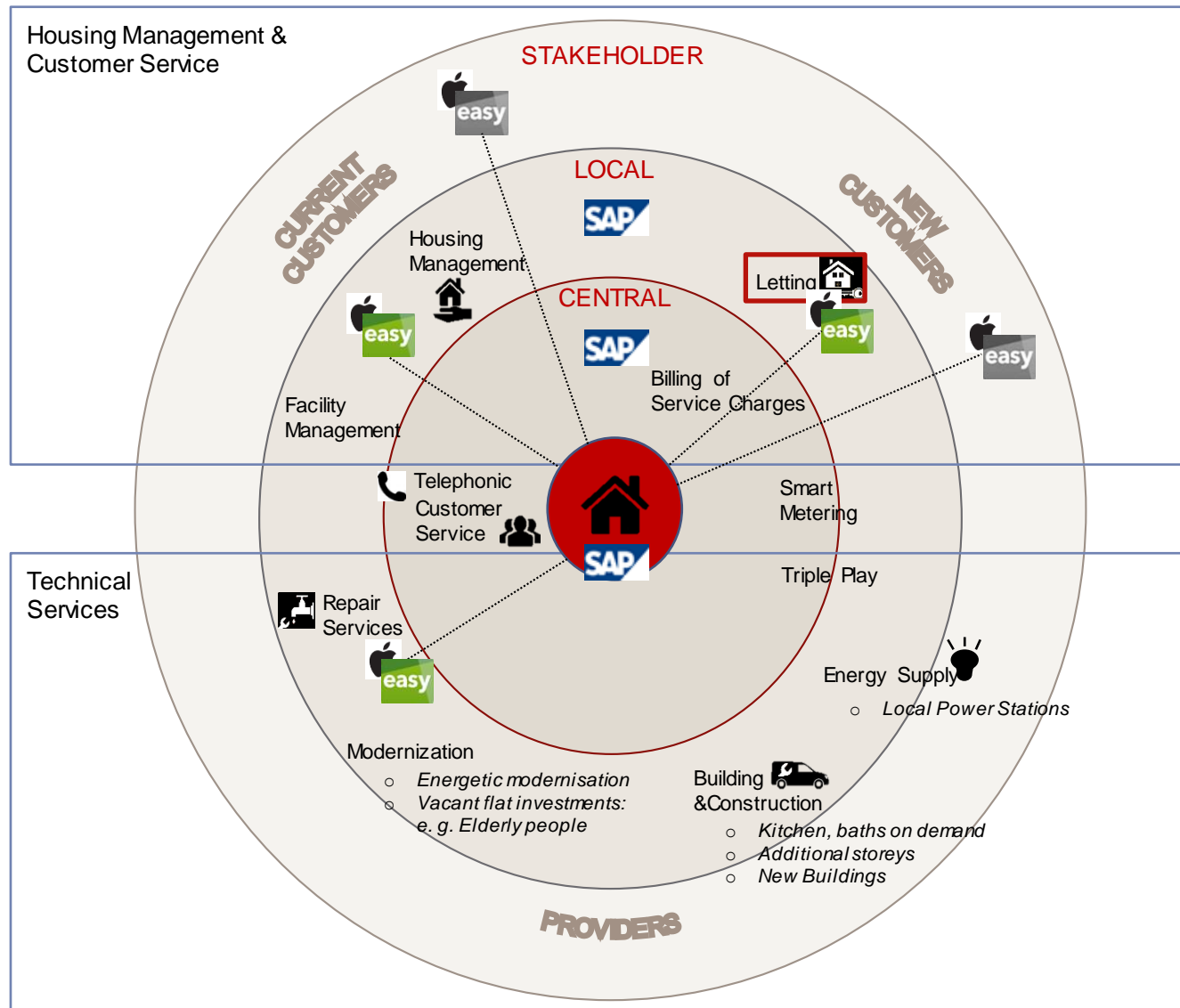
- Standardized conversion or extension with pre-fabricated elements
- Using pre-fabricated building elements
 - allows for learning curve and improvement of cost
 - Significant lower disturbance for tenants (reduced fluctuation during building phase)



Process and IT management is an enabler for service extension and fast integration of acquired portfolios

FINANCIAL SUCCESS

PRODUCTIVITY



Value drivers for sustainable long-term growth

Focused & action-driven portfolio management

- Proactive portfolio optimization with a clear-cut view on all local markets and properties guarantees best possible strategy for every single asset
- Modernizations as attractive value drivers (7% unlevered yield)
- Targeted sales and acquisitions for continuous portfolio optimization

Superior internal valuation capacity

- Experienced internal valuation team
- State-of-the-art tools for asset-by-asset valuation of DA's 12k valuation units
- Profound in-house knowledge of the different local markets

Additional potential from yield compression in secondary locations

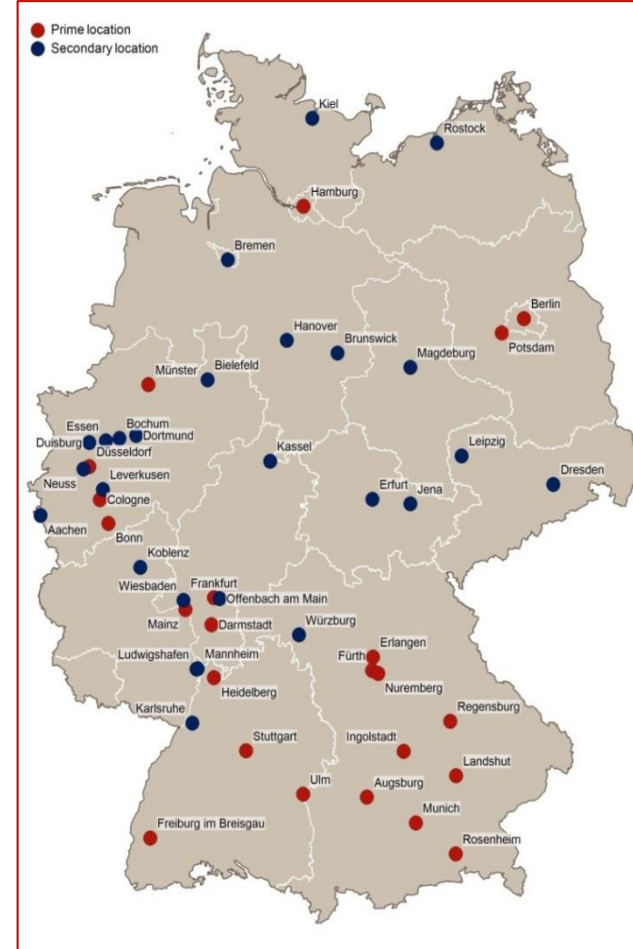
- 22 prime locations saw yield compression in 2014
- Comprehensive data available to DA supports yield compression in 25 secondary locations that are currently being discussed with CBRE

Our German wide portfolio offers potential for yield compression at primary as well as secondary locations

Internal property valuation

- Fair value growth of 3.7% p. a. since 2010 based on a DA's diversified portfolio spread across Germany
- Sustainable value growth even beyond hot spots gained
- External appraiser's knowledge is typically focused on prime locations and large portfolio transactions
- Rising prices in prime locations expands investor demand to secondary locations
- 25 secondary locations (35% of DA's assets) in discussion with external appraiser for further yield compression in 2015
- Appreciation of GAGFAH portfolio expected as a result of applying the same assumptions as for the DA portfolio

Overview of DA's prime and secondary locations



Innovative financing structure

Innovative financing strategy implemented

First German real estate company ..

- ✓ .. with an investment grade rating (S&P: BBB) in July 2013 (subsequently upgraded to BBB+)
- ✓ .. issuing investment grade rated unsecured corporate bonds in July 2013
- ✓ .. issuing of USD 1.0bn unsecured corporate bonds in the US in October 2013. Largest issuance of an European real estate company in the US.

First European residential real estate company ..

- ✓ .. setting up an EMTN program in October 2013
- ✓ .. issuing an investment grade rated Hybrid bond with 100% equity treatment under IFRS in Dec 2014

Still unique ..

- ✓ .. benchmark front- middle- and backoffice structure
- ✓ .. M&A funding capacity (e.g. €6.5 bln single underwritten term loan)



Innovative and forward looking financing structure with a variety of tested refinancing sources including secured loans, unsecured corporate bonds as well as CMBS structures

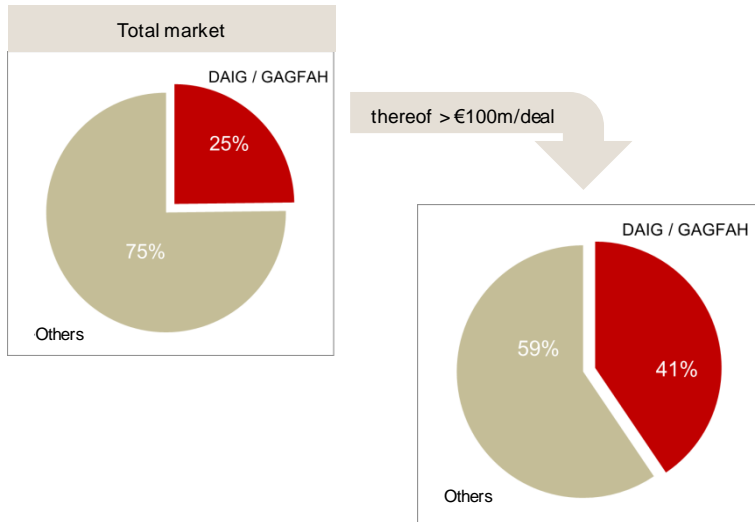
Full pipeline of opportunities

DAIG with strong track following disciplined approach

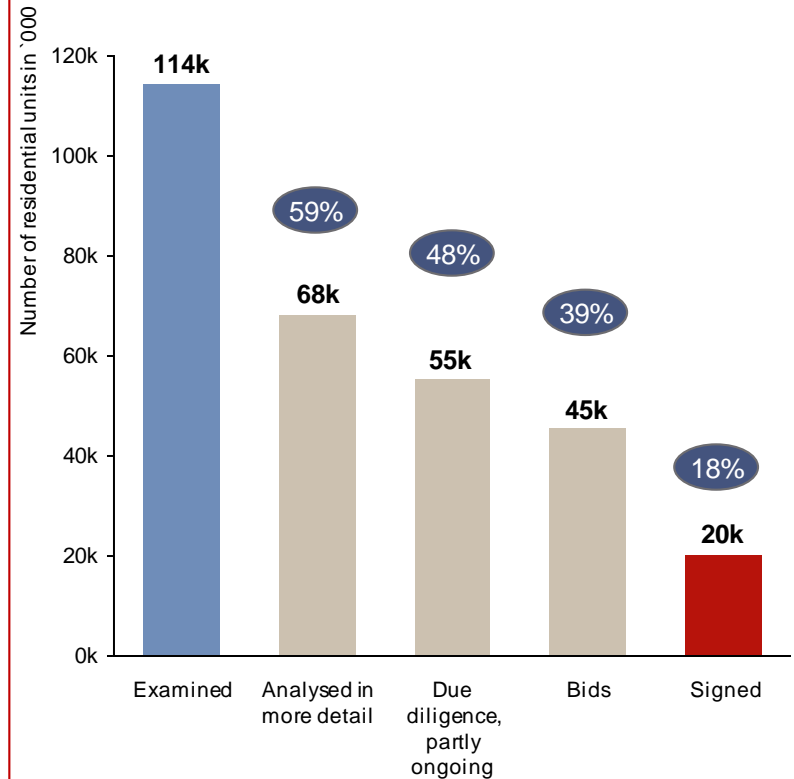
Deutsche Annington and GAGFAH with strong track record in 2014

Total # of transactions of residential real estate portfolios in 2014 (≥100 units): 232 transactions, 226K units, €12.1bn market volume

Share of DAIG/GAGFAH (53,300 units / €3,033m)

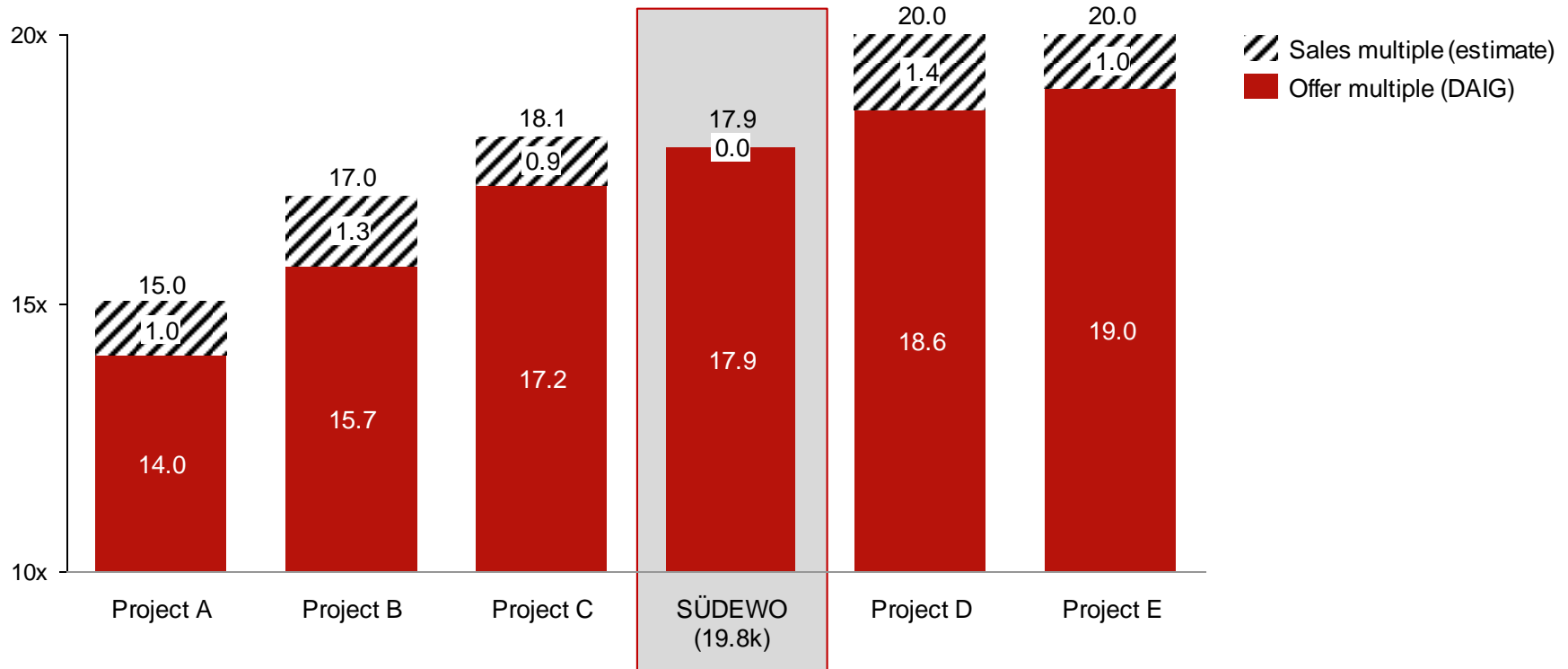


Acquisition Deal Pipeline 2015 ytd



Disciplined approach to buy high quality portfolios

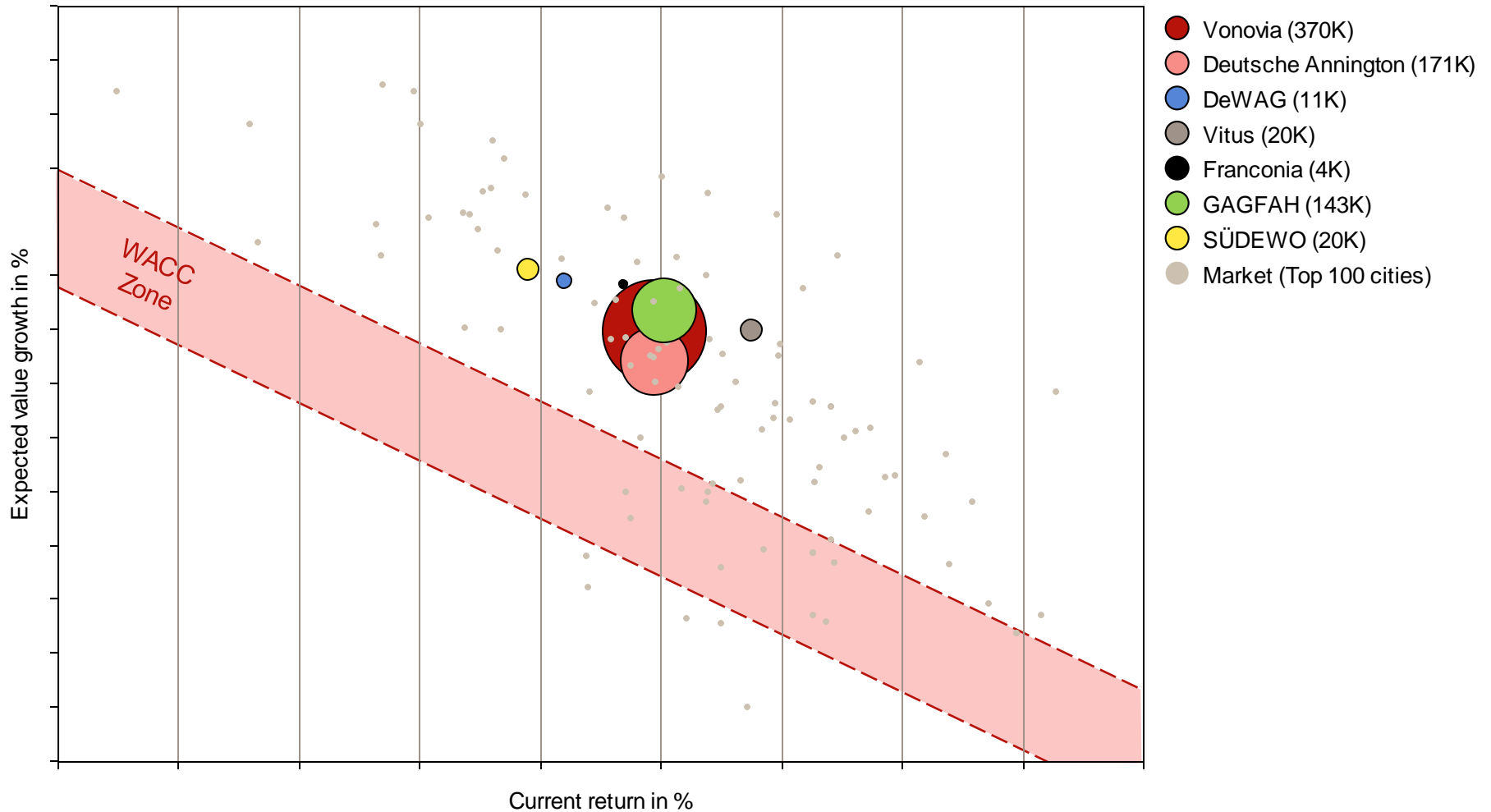
Purchase Price Factor Recent Transactions (>1,000 units)



- All portfolios have strategic fit for Deutsche Annington
- But our valuation consistent with our acquisition criteria ensures disciplined pricing
- Higher competitor pricing reflects higher market liquidity & lack of supply of suitable portfolios > 1000 units

Acquisitions further improve portfolio quality

Total Return Matrix



Summary

- ✓ Our extension business provides a full pipeline of innovative projects that deliver sustainable value creation for all stakeholders.
- ✓ Our innovative process and IT management is an important and unique enabler for our service extension and the fast integration of acquired portfolios.
- ✓ We have a variety of value drivers for long-term sustainable growth.
- ✓ Our innovative financing strategy provides us with a strong financial structure and a high degree of flexibility.
- ✓ We remain dedicated to external growth but will continue to follow a highly disciplined approach.

Appendix

Slides for Round Table Meetings:

- Extension (pages 18-23)
- Process and IT management (pages 25-29)
- Financing (pages 31-37)
- Portfolio Management & Valuation (pages 39-44)

Using industry proven methods and materials in real estate: a balcony is “just” a high bay racking

Usage of industry standard materials

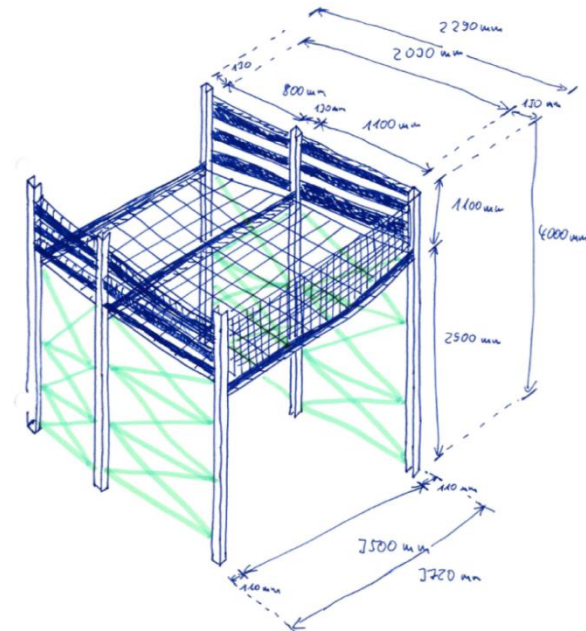
- Decomposition of current elements
- Simplification of planning and sourcing
- Reduced effort for static calculations

Status & potential

- Pilot project as practical proof of concept currently in preparation
- Estimated cost saving potential: 30% of total cost of balcony

Insights

- High bay racking with additional beams
- Modular design using standardised components
- Partly screwless connection of the components
- Material: Hot dip galvanized steel



Our bathroom program is highly accepted with our customers and provides above target margins

Bathroom modernization on customer request

- Bathroom product meets strong customer demand
- Highly positive customer feedback
- Customers mostly order high standard products (“comfort+”) – learnings concerning customers’ demands and preferences can also be used to improve flat modernizations

Status & potential

- More than 350 projects executed in 2014
- Planned investment volume in 2015 more than doubled (y-t-d “lead” pipeline: already >700 projects)
- Annual potential up to € 10m investment volume with an attractive above average yield (>10%)

Insights

- Fixed price agreement with TGS allows for an easy and reliable service offering to our customers
- In 2015, a second roadshow container has been successfully set in place to increase sales capacities



Adapting successful service offerings for new products, e.g. built-in kitchens on customer demand

Built-in kitchens

- Response to market demand – “next step” after the bathroom project
- Expansion of the investment “product catalogue”
- Decrease of hurdles for new customers and attractive offer for current tenants

Status & potential

- Two parallel programs:
 - On request of current tenants
 - As part of apartment modernisation during new letting process
- Start in 2015 with a planned volume of 500 kitchens (€ 1.5m)
- Annual investment potential: € 5-10m with an attractive above average yield (>10%)

Insights

Creation of additional value by:

- Standardisation of products and processes
- Optimised procurement / order pooling
- Insourcing of services by our craftsmen organisation



Smart sub metering – a promising pilot project

Sub
metering

Smart Sub Metering

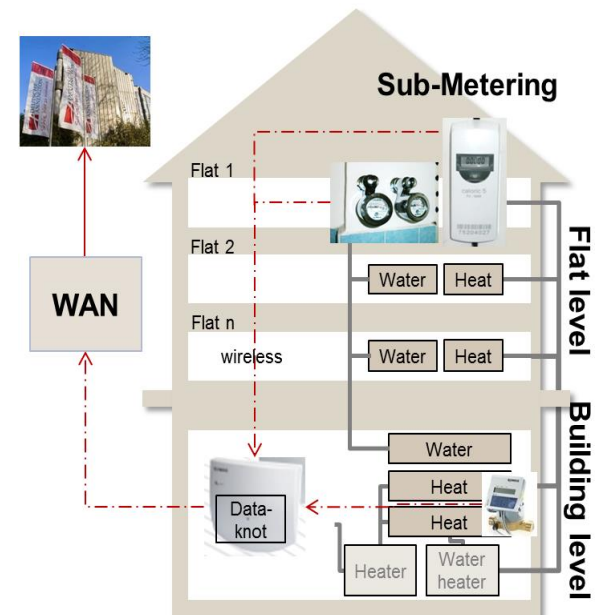
- Roll-out of real-time sub metering business planned
- Creation of a win-win situation for tenants and Deutsche Annington (lower cost, better service, etc.)

Status & potential

- First pilot in 1,000 flats in Bergkamen with 6,000 meters and 25 modems in place and running successfully
- Business case based on pilot experiences very promising, turnover potential up to € 14m
- Typical metering industry margins applicable

Insights

- Measuring of consumption of Water and Heat (Sub-Metering)
- 'Smart': Utilize intelligent online Metering technology
- Evaluate value levers from insourcing



Technical tools to support tenants in everyday life

AAL

Ambient assisted living

- Ambient assisted living – convertible without huge building effort
- Small and clever solutions, can increase convenience and safety for elder tenants considerably

Status

- Broad market review
- Pilot flat and “first user in place
- Scanning the market for potential partners

Insights

Safety:

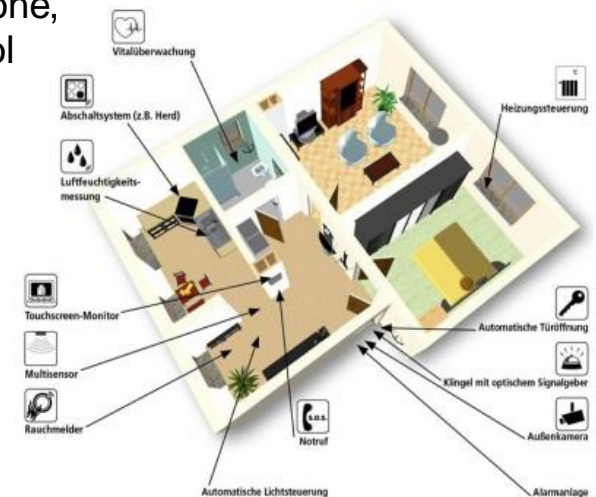
“warning light: can I leave the apartment? Are the windows closed? Is the stove turned off?”

Emergency:

Mobile emergency clock – without stigmatisation.
Emergency button in bathroom.

Convenience:

Light control,
Video-interphone,
Heating control



Our Extension Pool provides additional ideas for future service offerings

Proof of concept



- Standard front door key system extended by electronical closing system: “hands-free” door-opening
- Optional usage of “kiwi” by tenants for a small fee
- Service Provider (Alba, Post, DHL, etc.) get access too
- Short-dated pilot implementation in Berlin for 1.000 front doors

- DHL developed a mailbox for parcels with self-service collection, DA is exclusive pilot project partner
- First pilots show great customer demand
- Increase of tenant satisfaction und creation of additional rental yield opportunities
- Rollout in 2015 at planning stage



- Boxes for wheeled walker in front of the house can be requested by tenants
- Enables protected placement and avoids squeeze in the hallway

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The letting process serves as example to explain process improvement through technology

Traditional process



The Deutsche Annington optimized letting process – based on SAP and Digital-Pen

1 Marketing

Gemütliche Wohnung mit Zentralheizung und Balkon, Aufzug und Keller - WBS erforderlich

Objekt-ID: 81-048007003_M



Epensteinstr. 7
13409 Berlin Reinickendorf

Karte ansehen

Zimmer: 3
Wohnfläche ca.: 83,00 m²
Kaltmiete: 464,82 €
Nebenkosten: 167,00 €
Heizkosten: 75,00 €
Gesamtmieter: 706,82 €

Kaution: 929,64 €
Provision: provisionsfrei
Verfügbar ab: 24.06.15

Wohnungstyp: Erdgeschoss
Baujahr: 1975

Ausweisart: Verbrauchsausweis
Energieverbrauchskennwert: 112 kWh/(m²a)
Warmwasser enthalten: Ja

Rund um die Uhr online Besichtigungstermin buchen

Besichtigungstermin vereinbaren

2 Viewing appointment



max. 3 days

3 Dispatch contract offer to customers

3/1021624002066 anzeigen: Allg. Daten mit Schneller.

Identifikation
Vertragsart: DAG Wohnungvertrag
Buchungsschlüssel: 0293 MBA Grundstücksangebot
Vertrag: 1021624002066
Nutzungsart: 19 Wohnung
Finanzierungsart: Refinanziert

Objekt / Partner
Mietanheit: 0293 4916 0203-002 43896 Gelsenkirchen, Marktka
Debitorscher Haus: 1001370204 Eduard Shwagerl / Donstener Straße 82 / 43894

Laufzeit / Org. Zuordnung / Konditionen
Vertragsbeginn: 15.04.2015 Bei: Profizcenter 0002124
Laufbedingung: GeschBereich
Kund.-schema: 2000 Geländ_zum
WBS: Zum 15.06.2015 319,44 EUR

24 hours

6 Apartment handover



5 Select tenant and dispatch signed contract to new tenant

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7 days before rental starts

4 Return shipment of contract documents



24 hours

ca. 5 days

The Deutsche Annington optimized letting process – from 2015 based on SAP and iPad

1 Marketing

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Besichtigungstermin buchen

Besichtigungstermin vereinbaren

2 Viewing appointment



max. 3 days

3 Dispatch contract offer to customers

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Vertrag: 1021624002066
Nutzungsart: 10 Wohnung
Finanzierungsart: 1 Refinanziert

Objekt / Partner
Mietanheit: 0093 4916 0003-002 43896 Gebelerschen, Nienkamps
Elektronischer Haus: 1001370204 Eduard Shvagner / Dostaner Straße 82 / 43894

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24 hours

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7 days before rental starts

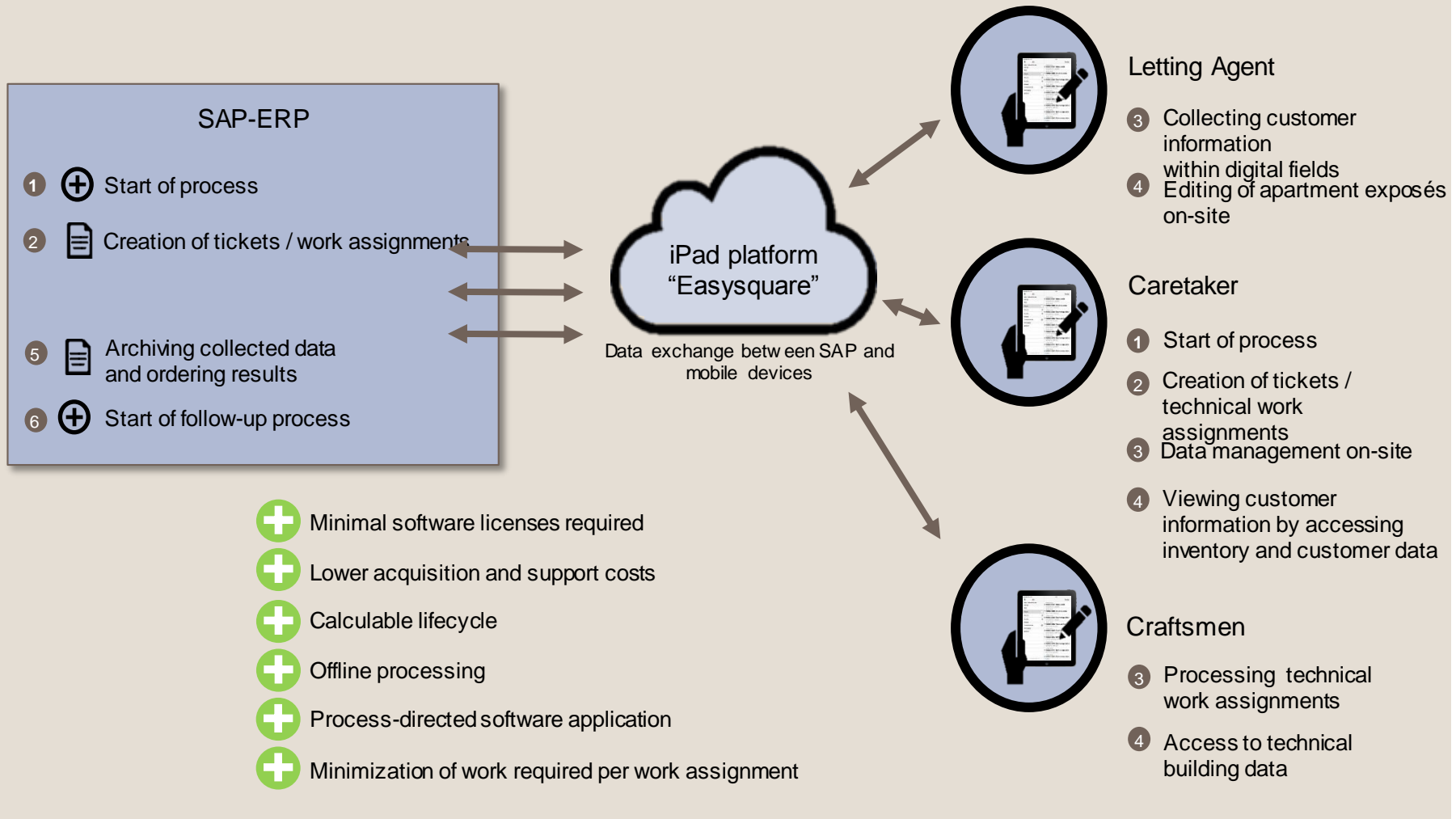
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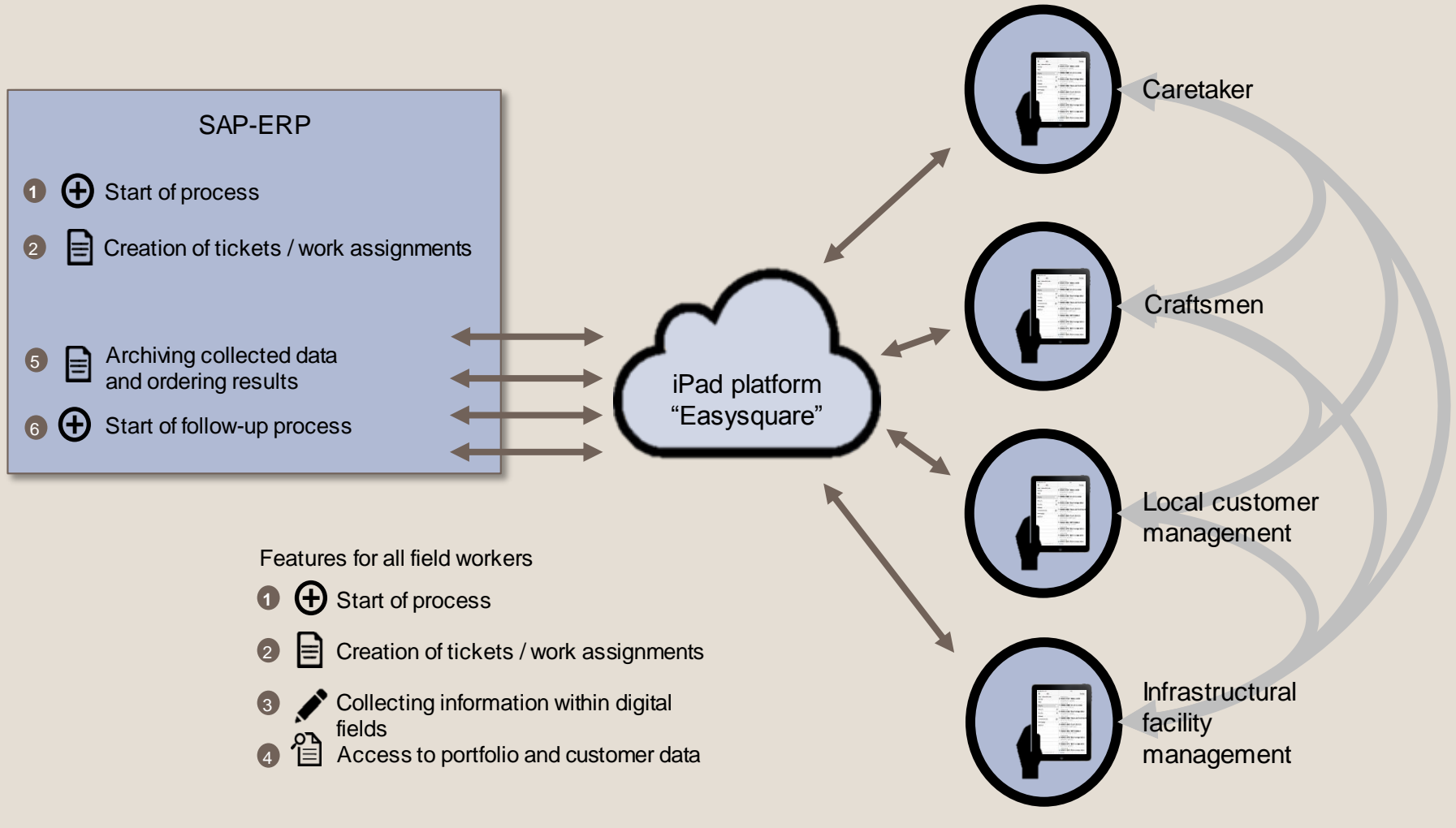
24 hours

ca. 5 days

Hub-and-spoke strategy for the letting process including the Caretaker and the Craftmen functions



Extension of hub-and-spoke strategy: Standardized scalable platform for all field workers



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Our key success factors for efficient financings

USP

Execution of best-in-class financial strategy

Highly **experience team** with **different background** (Rating Agency, Corporates, Investment Bank, Hedge Fund)

Benchmark Front-, Middle und Backoffice

Best-in-class Treasury Management System (SAP)



Success factor

- **All financial strategic decision** have been delivered over recent years, from restructuring, rein
- **All refinancings** at least **six month prior to maturity** closed
- **Top three in European bond** issuer within twelve months with performing instruments
- First in real estate sector
- Risk Controlling
- Clear responsibilities and processes
- Scalable platform (process & IT)
- Capability of standardised loan integration

Our key success factors for efficient financings

DAI executed a clear financial strategy

1 Lower LTV into target zone



2 Obtain Investment Grade rating



3 Establish unsecured financing instruments



4 Extend and balance maturities



5 Increase unencumbered assets



6 Tackle maturities between 6 and 15 months ahead of time



7 Keep disciplined approach throughout the whole process, by actively managing the balance sheet



8 Acquisition strategy strictly adhering to credit framework



Our key success factors for efficient financings

DAI's successful Rating Upgrade

- 1 2012 & 2013 refinancing GRAND CMBS securitisation, repayment of portfolio loan ✓
- 2 2013 Obtain Investment Grade rating of “BBB” long-term corporate credit rating from S&P*
 Deutsche Annington Immobilien SE goes public (IPO)
 Placement of two EURO-Bonds, two USD-Bonds and one Bond under the €4bn EMTN-Programme ✓
- 3 2014 Placement of another Bond under the EMTN-Programme and update of EMTN-Programme to €5bn
 Issuance of two Hybrid Bonds (one treated as equity for financing purposes)
 Three capital increases, two contributions in cash (ABB) and one contribution in kind
 Announcement of Gagfah Acquisition ✓
- 4 2015 Placement of two further Bonds under EMTN-Programme and update of EMTN-Programme to €8bn
 S&P's Investment Grade rating raised to “BBB+” outlook stable upon successful closing of Gagfah acquisition,
 transaction markedly improves DAI's scale and portfolio diversity ✓

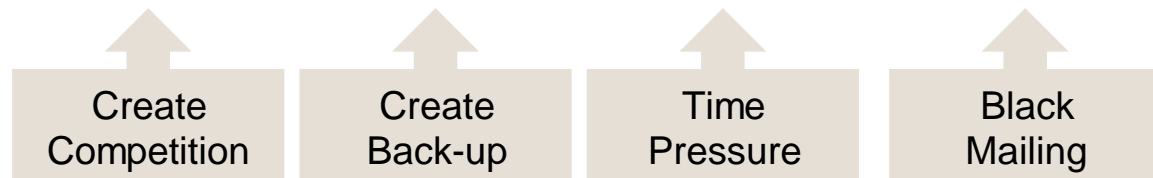
* Prerequisites for this were in turn the successful listing on 11 July in the Prime Standard Segment of Frankfurt Stock Exchange and the related net issue proceeds from the capital increase.

Superior (Re)financing

DAI has constantly tackled maturities at least 12 months before, which prevents blackmailing and allows creation of competition financing offers to reduce capital costs

Maturity Management since 2013


GRAND A&E ⁽¹⁾ (€3.8bn)	X				
Term Loan 2013 (€2.5bn)	X				
Term Loan 2014 (€475m)	X				
WOG 5 (€264m)	X				
Getready Bridge (€6.5bn)	X				
	(-) 12 Months	(-) 9 Months	(-) 6 Months	(-) 3 Months	Maturity





⁽¹⁾ Repaid 4.5 yrs pre maturity


Track Record Highlights


Unsecured financing strategy fully established in just 12 month time: #2 in European Real Estate Bond Market today

- 

Refinancing risk eliminated and maturity profile smoothed
No refinancing until 2016 → Gagfah Takeover created additional refinancing needs in 2017-2019
- 

Most diversified access to various refinancing sources secures best pricing
Ability to raise debt from capital markets, (mortgage)banks, pension funds or secured funding markets (CMBS)
- 

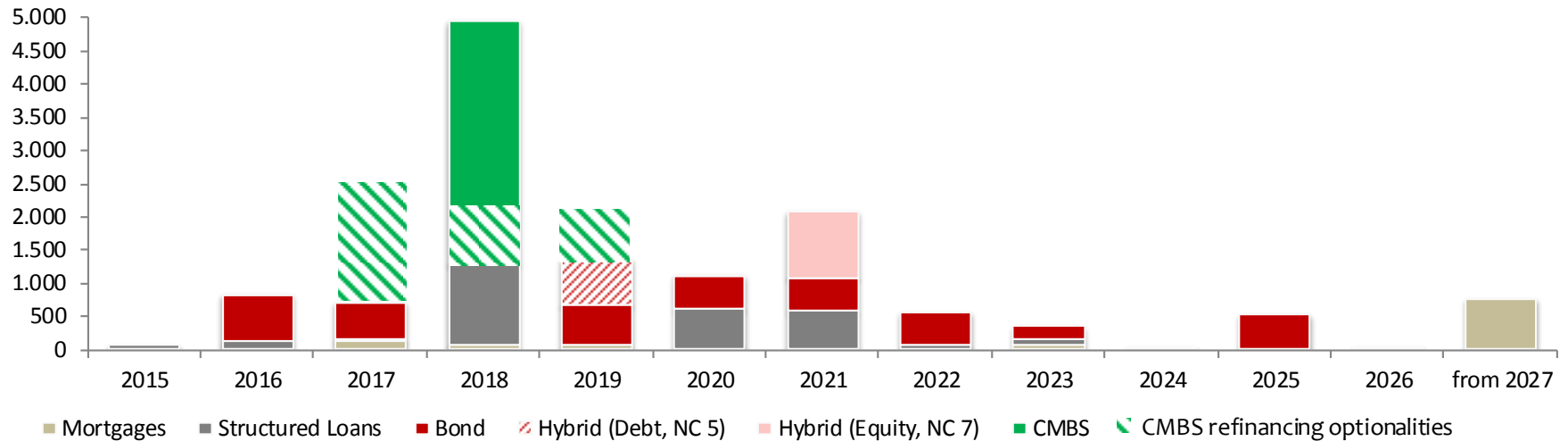
Increased liquidity and free float grant access to equity capital markets
Two ABB's in 2014 (€304m and €451m)
- 

EMTN-Programme topped-up to EUR 8.0bn, EUR 2.0bn used after recent EMTN placement
EUR 6.0bn firepower on hand remain within the current EMTN-Programme
- 

Best in class financing strategy with comprehensive toolkit as a basis for operational excellence and qualifies us for several acquisition even in parallel, if they arise

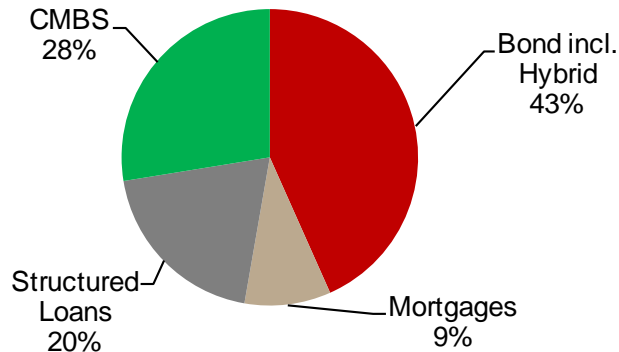
Maturity profile offers further headroom for improvement

Maturity profile is an opportunity



CMBS included at economic maturity

Diversification of financial sources



KPIs as of Mar. 31 , 2015

	Current	Target
LTV	56.3%	<50%
Unencumbered assets in %	32%	≥ 50%
Global ICR	3.0x	Ongoing optimisation with most economic funding
Financing cost	2.9%	

Our key success factors for efficient financings

Front Office		Middle Office	Back Office
Cash and Liquidity Management <ul style="list-style-type: none"> • Cash Management • Account clearing • Payments • Handling of cheques • Liquidity forecast • Actual data generation • Bank fees control • Bank reporting 	Finance/Capital Markets and Funding <ul style="list-style-type: none"> • Leader of deal-teams • Negotiations • Structuring deals • All external contacts • Initiation of refinancing process • Coordination of information flows • Negotiation and structuring of internal information • Creation of presentations for teasers, negotiations and committees etc. • Creditor relations 	Risk Controlling <ul style="list-style-type: none"> • Calculation of market values • Transaction evaluation • Hedge effectiveness tests • Risk management • Covenant reporting • IPDs 	Administration <ul style="list-style-type: none"> • Administration of loans • Administration of guarantees • Release process for sales • Support for re-financing process (land register, notaries etc.) • Administration of securities

Appendix

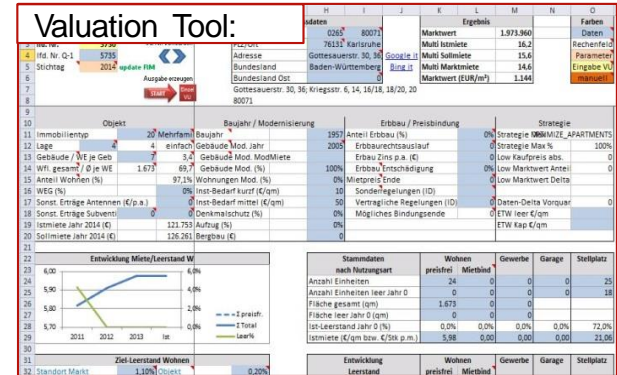
Slides for Round Table Meetings:

- Extension (pages 18-23)
- Process and IT management (pages 25-29)
- Financing (pages 31-37)
- Portfolio Management & Valuation (pages 39-44)

State-of-the-art property valuation at Deutsche Annington

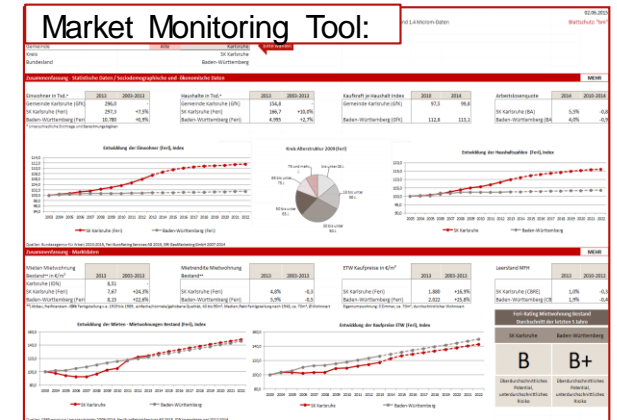
Professional team and tools

- Experienced team of five internal valuers
- State-of-the-art tools with several well-integrated databases and professional Excel front end
- Sound DCF-model to value Deutsche Annington's 12k valuation units at single asset level
- Internal valuation of all assets parallel to external appraisals for financing, acquisition or accounting purpose



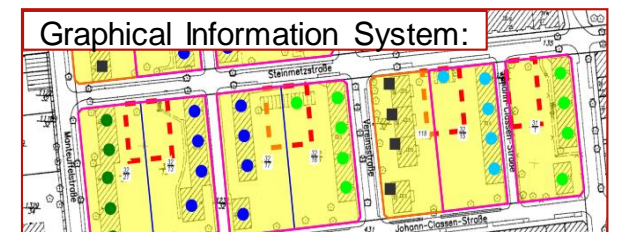
Profound market knowledge

- External appraiser's knowledge is typically focused on prime locations and large portfolio transactions
- Internal valuation has a clear view over local properties and Deutsche Annington's secondary markets
- Comprehensive input from regional asset managers and sales force available
- Detailed review of valuation levels and details on a par with external appraisers



High quality

- Mutual exchange of ideas results in close to market values for all Deutsche Annington locations
- Inhouse knowledge ensures maximum independence from external surveyors



Valuation level of Deutsche Annington in line with listed competitors

Portfolio and valuation key figures

Key figures	2014		
	DA ¹	Deutsche Wohnen	LEG
# flats	352.000	147.000	107.000
Residential rent (€/sqm)	5,51	5,69	5,07
Vacancy (%)	3,4	2,2	2,8
Fair value (€/sqm)	944	1.062	827
Multiplier	14,5	15,5	13,9

Comments

- Fair value growth of 3.7% p. a. since 2010 based on a diversified portfolio spread across Germany:
- ➔ 75% of DA's portfolio is located in 70 cities with >100k inhabitants
- DA's rental performance and values in common locations similar to DW and better than LEG
- Modernisation potential in GAGFAH portfolio gives chances for further value enhancement

DA vs. DW at common locations

Location	Fair value (€/sqm)		Multiplier		Residential rent (€/sqm)	
	DA	DW	DA	DW	DA	DW
	Berlin ²	1.084	1.101	16,0	16,1	5,62
Rhine-Main Area	1.424	1.405	16,7	16,5	7,09	7,18
Rhineland	1.117	983	15,3	14,1	6,10	5,75

DA vs. LEG at common locations

Location	Fair value (€/sqm)		Multiplier		Residential rent (€/sqm)	
	DA	LEG	DA	LEG	DA	LEG
	Düsseldorf	1.426	1.248	16,4	17,1	7,06
Dortmund	755	746	12,9	13,5	4,91	4,71
Duisburg	708	697	11,9	12,2	5,06	4,92

¹ DA pro forma incl. GAGFAH and Franconia, valuation figures based on indicative revaluation with DA standard assumptions

² Berlin and commuter belt

Extension of yield compression to secondary locations opens the chance for further enhancement of DA fair values

Yield compression in 22 prime locations in 2014

- Together with CBRE, 22 locations in Deutsche Annington portfolio were identified with price increases significantly above rent development
- Characteristics:
 - Population > 50k
 - Market vacancy < 2%
 - Development market rent > 1.6%
 - Sufficient quantity (MFH comparables)
- Comprise 35% of DA portfolio in terms of value
- Discount of 0.25% on CapRates resulted in add'l 5% uplift resp. €260m

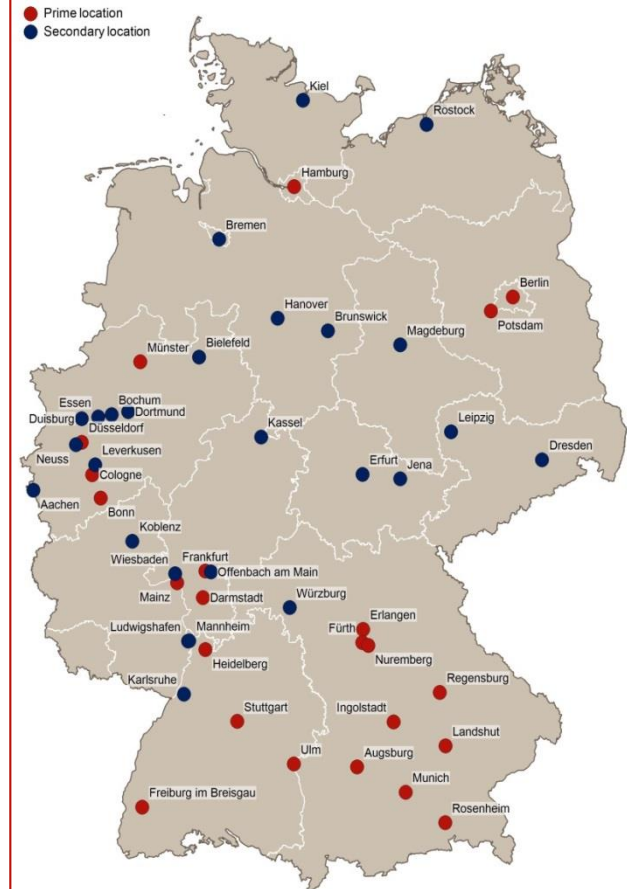
25 secondary locations with further uplift potential in 2015

- Rising prices in prime locations shifts investor demand to secondary locations
- 25 DA locations comprising 35% of DA's assets in discussion with CBRE for further yield compression in 2015
- Condos comparables are rising, but only few reliable market data for MFH available
- Possible effect on fair values growth slightly below yield compression at prime locations

Appreciation of GAGFAH portfolio by CBRE revaluation expected

- Ongoing revaluation of GAGFAH portfolio with equal assumptions as DA valuation
- Expected uplift of low triple-digit EUR million will reduce goodwill

Overview of DA's prime and secondary locations



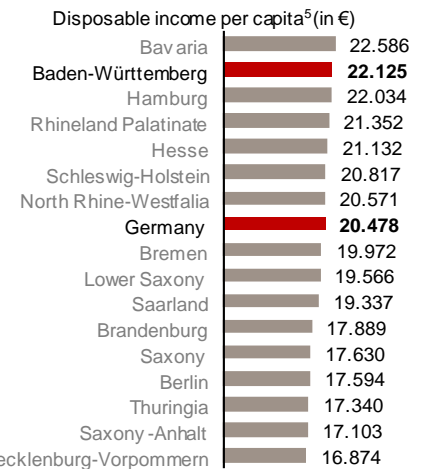
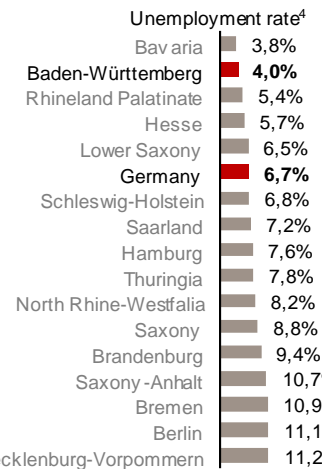
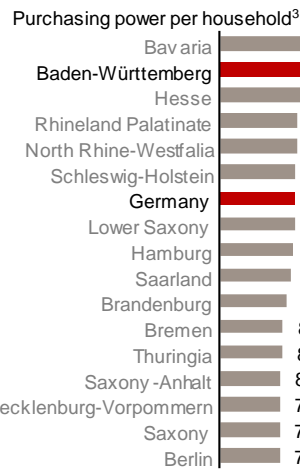
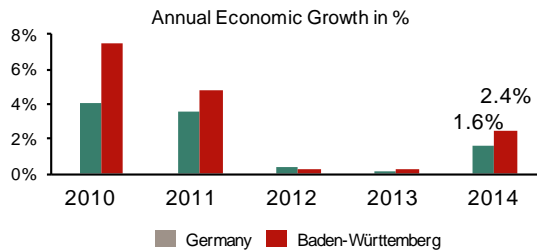
SÜDEWO Group enhances Deutsche Annington's exposure to one of the healthiest regions in Germany



- Baden-Württemberg is one of the strongest and most diverse economic areas in Germany
- Economic growth rate 2014 of 2.4% higher than national average of 1.6%; GDP per capita 40% higher than EU average
- Driving force in Germany's export-oriented economy with highest share of global businesses nation-wide (3.8 per 100k inhabitants¹)
- Disposable income of ~€22,125 vs. Germany average of €20,478 (+8%)
- Most positive household growth of 9% expected between 2012 and 2035 vs. German average of 3%
- Global "*Mittelstand champions*" employ approx. 60% of the workforce in Baden-

...and a strong and productive force in Germany²

Baden-Württemberg is one of Germany's economic drivers²...



- Strong purchasing power and high standard of living allow for attractive modernisation potential
- Significantly enhances exposure to Southern Germany, a strong region with limited acquisition opportunities

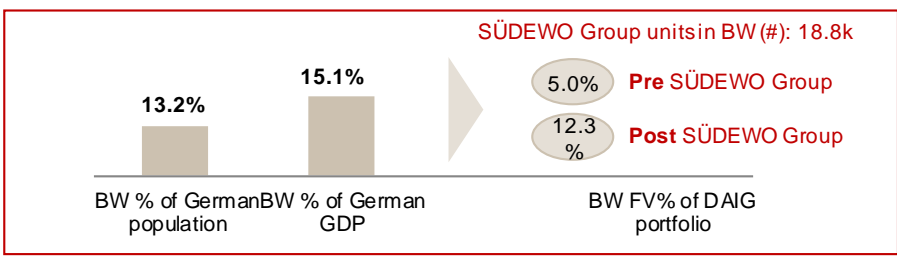
¹ Statistisches Bundesamt, 2015; ² Statistisches Landesamt Baden-Württemberg; ³ GfK Kaufkraft Deutschland 2015; ⁴ Bundesanstalt für Arbeit; ⁵ Statistische Ämter des Landes und der Länder

Footprint in key growth areas in Southern Germany materially increased

Geographical split of combined portfolio



SÜDEWO Group contribution to Baden-Württemberg (“BW”)



- ✓ 91%¹ of SÜDEWO Group units to be classified as part of Deutsche Annington’s strategic portfolio
- ✓ Relatively young age of assets with portfolio offering further modernisation potential of approx. €125m over next 10 years

Key operational metrics²

	SÜDEWO Group	Deutsche Annington	Combined
Number of residential units	19,791	345,629	365,420
Vacancy	2.4%	3.4%	3.4%
Rent/sqm (€)	6.68	5.53	5.60
Net Cold Rent (€m p.a.)	105	1,442	1,547
EBITDA margin	64% ⁴	69%	-
Multiple ³	17.9x	14.3x	14.5x

Deutsche Annington more than doubles its exposure to a very strong part of Germany⁵ where it was under-represented

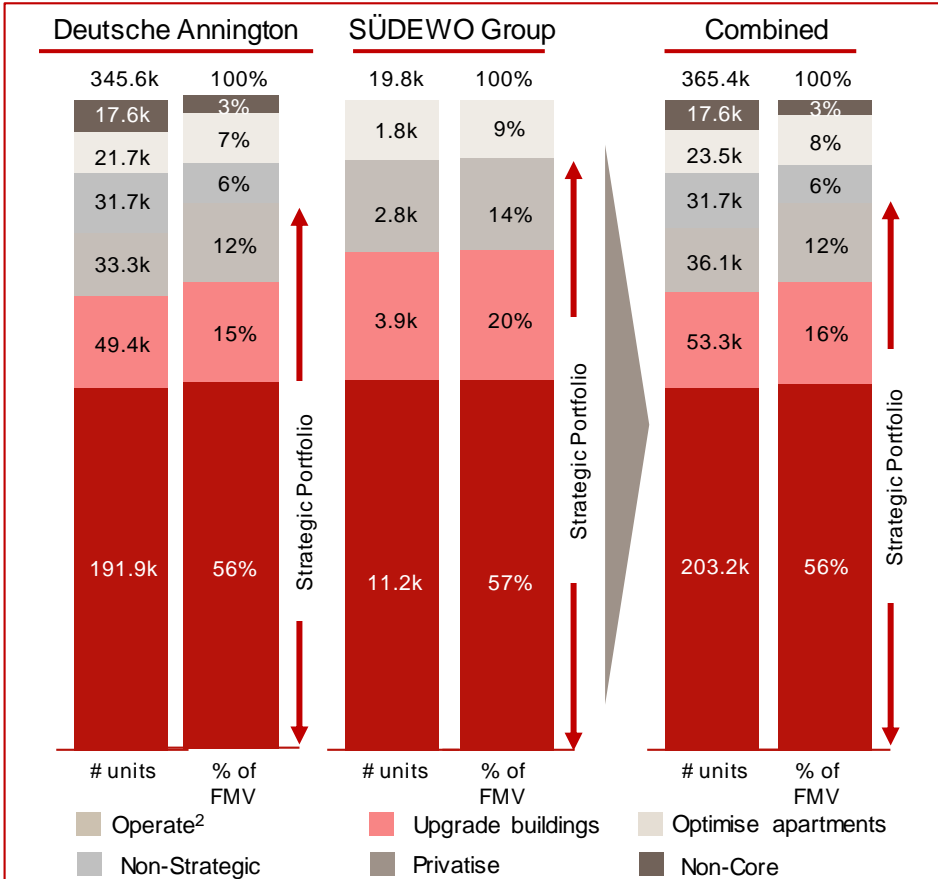
¹ Remaining 9% of units (1.8k) envisaged for privatisation; ² SÜDEWO Group figures as of Dec 31, 2014, Deutsche Annington as of March 31, 2015; ³ Deutsche Annington valuation multiple; SÜDEWO Group transaction multiple; ⁴ Initial EBITDA margin (i.e. before synergies); ⁵ Refers to Baden-Württemberg

SÜDEWO Group acquisition to further enhance strategic portfolio

Portfolio Management Strategy

STRATEGIC	<p>Value-driven asset management approach in locations with above-average development potential</p> <p>Operate: rent growth, vacancy reduction, effective and sustainable maintenance and cost savings</p> <p>Upgrade buildings: comprehensive investments with a focus on energy efficiency</p> <p>Optimise apartments: selective investments in individual flats (focus on senior living and high-end modernization in strong markets)</p>
NON STRATEGIC	<p>Locations and assets that do not form an integral part of Deutsche Annington's strategy. Mostly average location and asset quality with stable cash flows. Under permanent review.</p>
Privatise/ Non-core	<p>Privatise: opportunistic retail sales at attractive premiums above current valuation.</p> <p>Non-core: portfolio optimization through sale of assets that have limited development potential in terms of condition and/or location.</p>

Portfolio Breakdown¹



¹ Percentages may not always add up to exactly 100% due to rounding; ² As of March 31, 2015, all locations and assets of the Gagfah portfolio that are strategically relevant are included in the "Operate" category (the analysis of the investment potential of the portfolio will be completed by fall this year)

IR Contact & Financial Calendar

Contact

Financial Calendar 2015

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March 5	Full year results 2014
April 30	Annual General Meeting
June 01	Interim report Q1 2015
June 15-16	Capital Markets Day
Aug 19	Interim report H1 2015
Nov 3	Interim report Q3 2015