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Analyst Day
16. September 2013

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Key facts & figures about Deutsche Annington

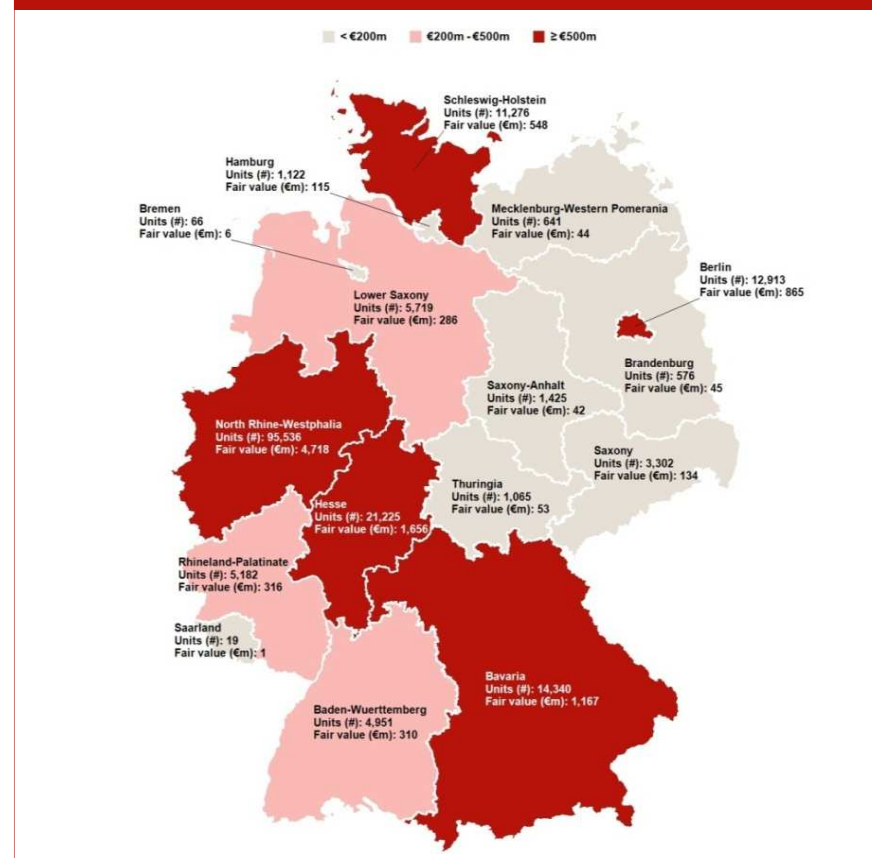
Key Facts H1 2013

- Top 5 European real estate company¹ and the largest German residential firm²
- 179k residential units across Germany, 97% by fair value in Western Germany and Berlin
- €10.4bn portfolio valuation
- €4.4bn EPRA NAV
- €364m rental income
- €5.35 residential in-place rent per square meter per month
- 2.1% rent per sqm growth p.a.
- 3.9% residential vacancy rate
- €222m Adjusted EBITDA Rental
- €242m Adjusted EBITDA
- €103m FFO 1 and €123m FFO 2
- Dedicated portfolio strategy and investment programme focused on value creation

Note: all data as of 30 June 2013, unless otherwise stated

¹By market cap; ²In listed German residential sector

Portfolio snapshot



Presenting today

Rolf Buch, 48

CEO

- With Deutsche Annington since April 2013



Key responsibilities

- Strategic management, investor relations, HR and communication

Previous experience

- Member of the Management Board of Bertelsmann (5 yrs)
- CEO of Arvato (5 yrs)

Education

- Engineering and Business Administration

Klaus Freiberg, 51

COO

- With Deutsche Annington since 2010



Key responsibilities

- Oversees all operational aspects of the business

Previous experience

- Managing Director at Arvato (3 yrs)

Education

- History and Sociology

Dr. A. Stefan Kirsten, 52

CFO

- With Deutsche Annington since 2011



Key responsibilities

- Oversees all financial aspects of the business

Previous experience

- CEO of Majid Al Futtaim Group (3 yrs)
- CFO of ThyssenKrupp AG (4 yrs)
- CFO of Metro AG (2 yrs)

Education

- Business Administration

Florian Goldgruber, 37

Capital Markets

- With Deutsche Annington since 2005¹



Key responsibilities

- Capital markets, investor relations

Previous experience

- Associate Director at Terra Firma, responsible for Deutsche Annington (7 yrs)
- Management consultant at goetzpartners (2 yrs)
- Sr. Associate at PwC (4 yrs)

Education

- Business Administration

¹ From 2005 to 2012 at Terra Firma

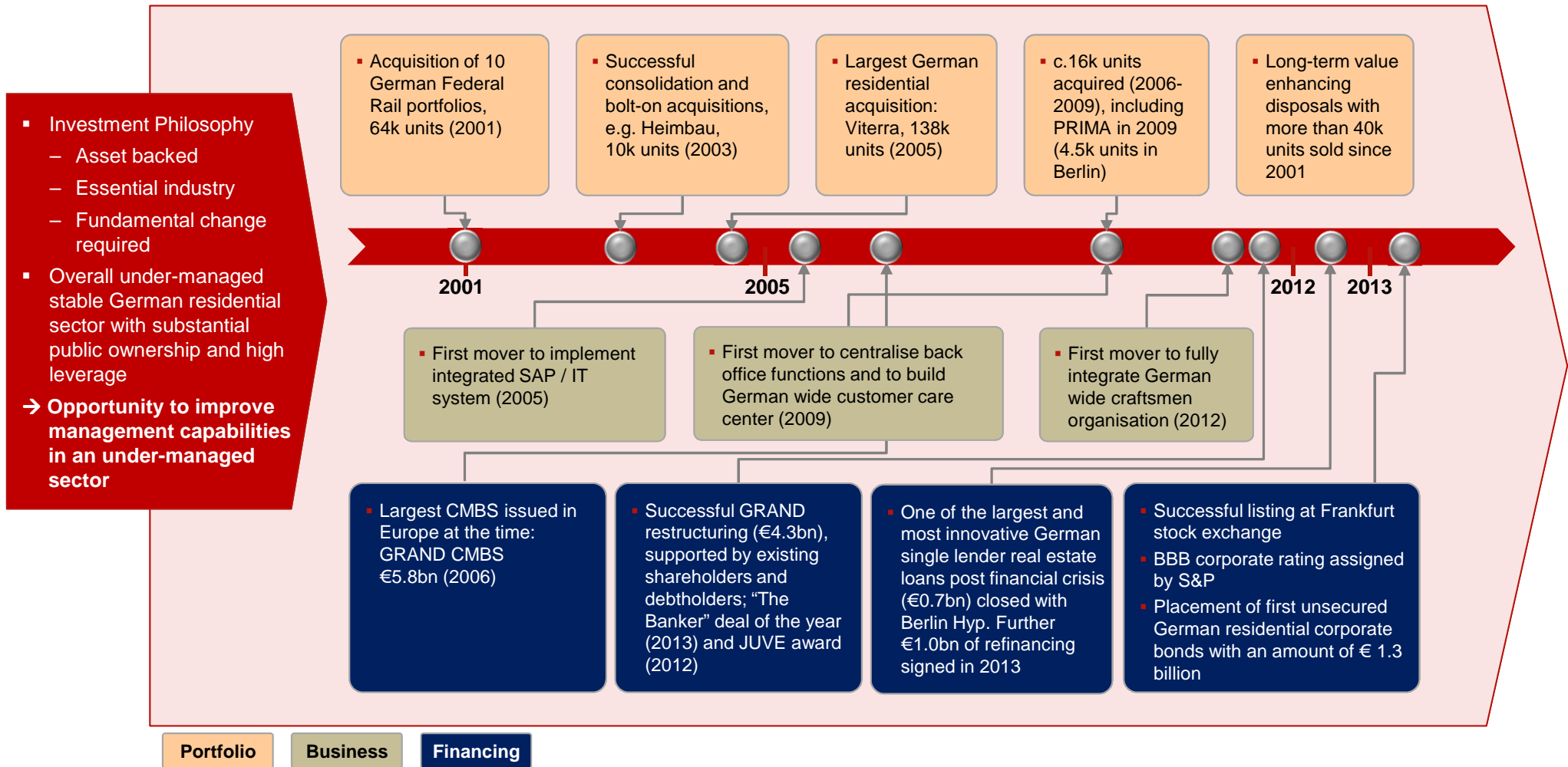
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Deutsche Annington – Our story

Corporate history: From vision to innovation and market leadership



Deutsche Annington: Innovation leader based on a long-term vision, operational excellence and unique financing structure

A top European real estate play

Largest player in a highly stable asset class – German residential

Industrial-like process approach to operations designed for growth

Financing strategy in line with leading European peers

Built-in growth and enhanced profitability expected to drive FFO per share and NAV per share accretion

Entrepreneurial approach to a stable and low-risk asset class

Platform for consolidation

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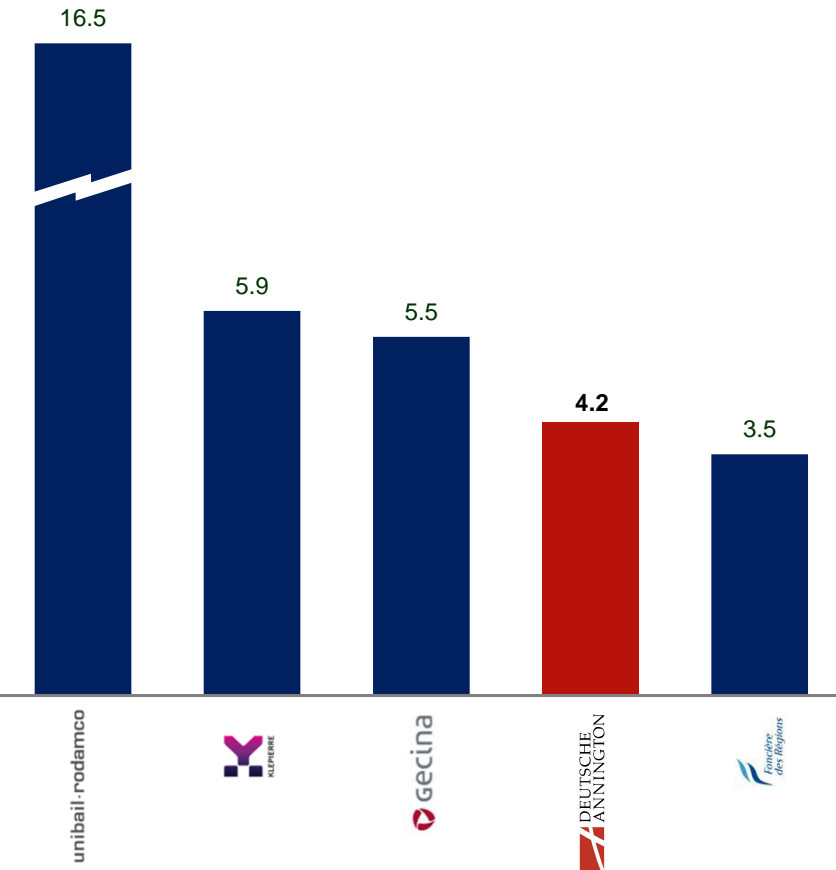


Largest player in an attractive market

A top European property company and German leader

Top 5 largest listed continental European RE companies

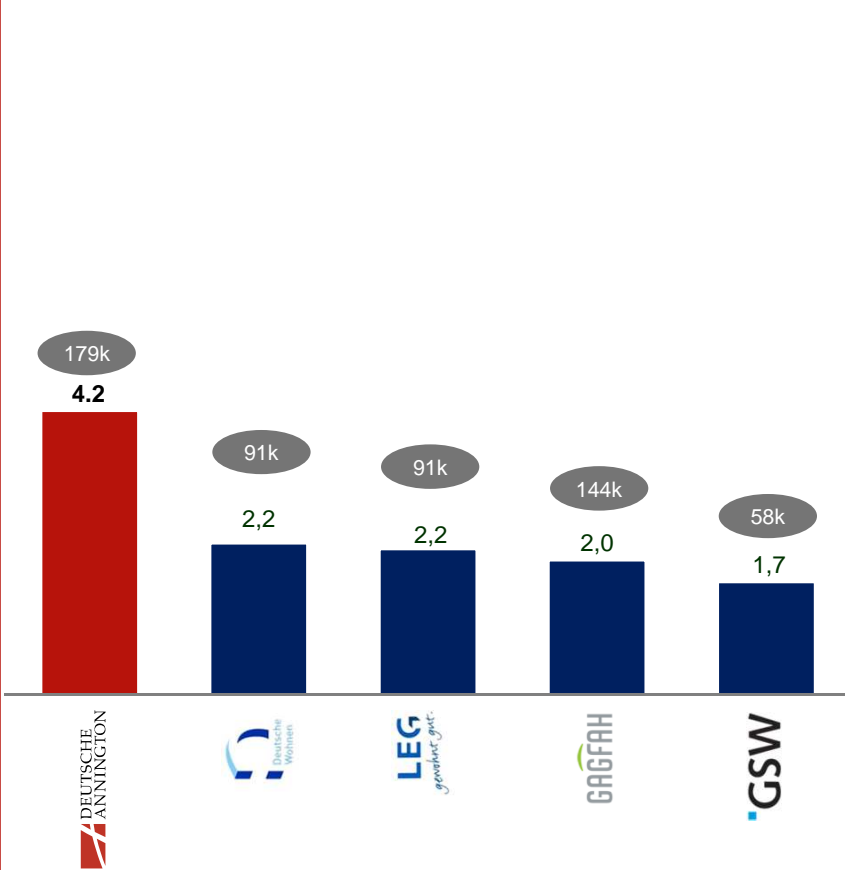
Market cap. (€bn)



Source: Company information, FactSet as of 30 August 2013

Top 5 largest listed German residential companies

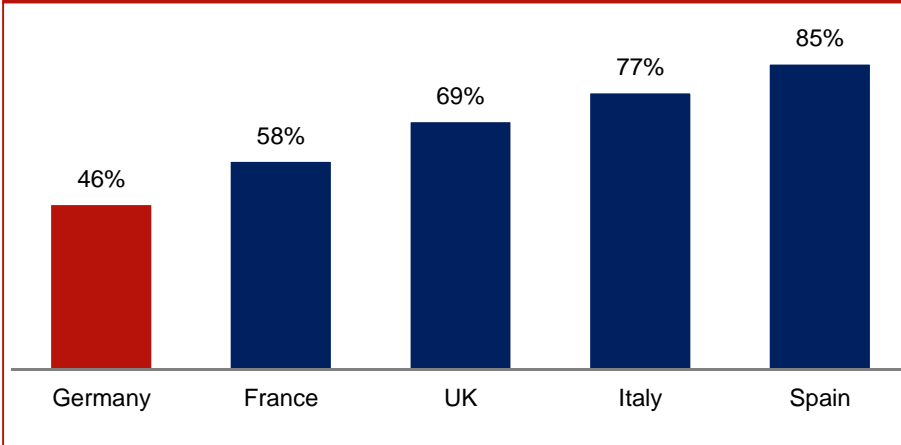
Market cap. (€bn)



● = approx. # of units

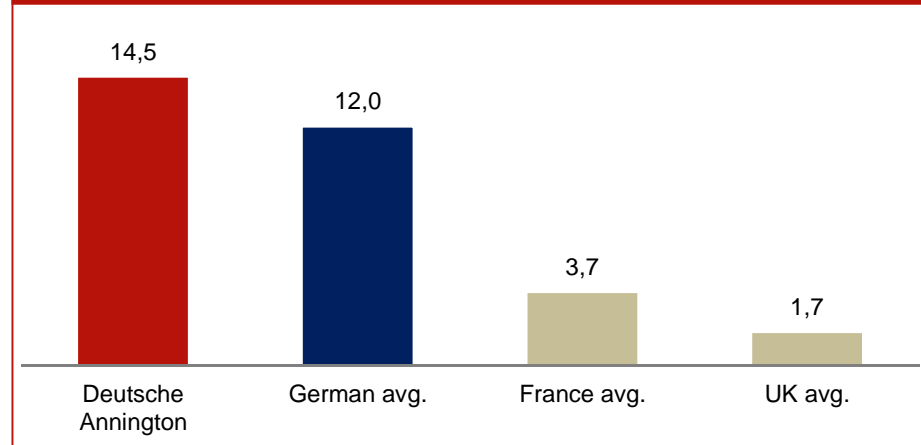
Attractive asset class supported by favourable environment

Low home ownership driving rental demand



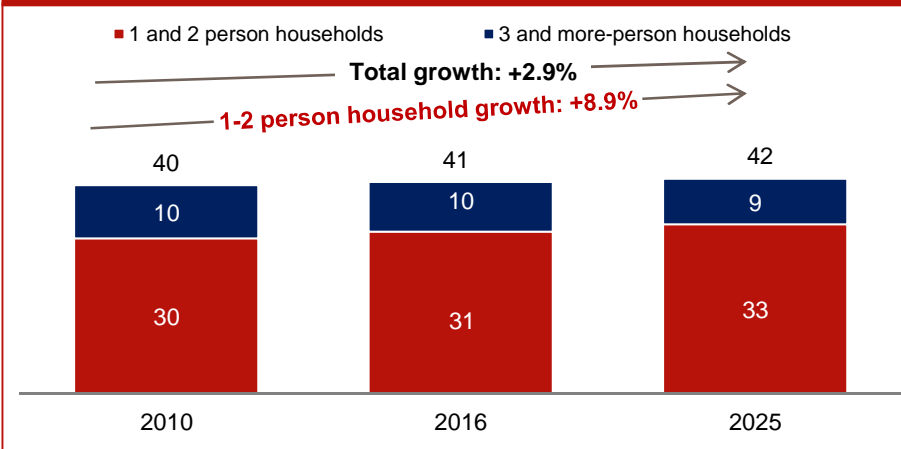
Source: Federal Statistical Office, Euroconstruct, ifo

High average tenancy length in years



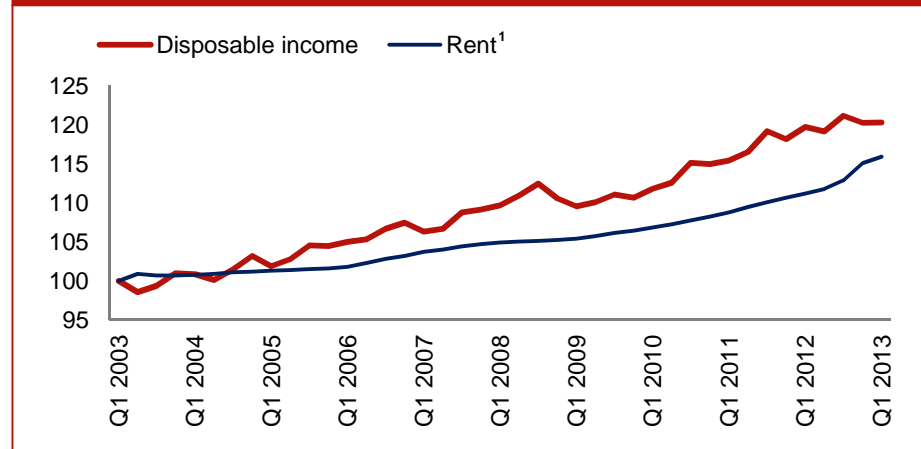
Source: Schader Stiftung (Germany), Clameur (France), Association of Residential Letting Agents (UK)

Favourable household development in Germany (m)



Source: BBSR Wohnungsmarktprognose 2009-2025. Projections based on 2009 numbers

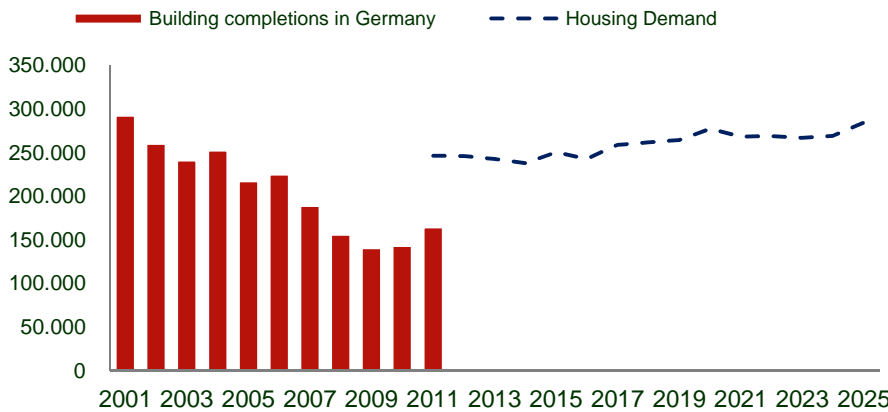
Rent evolution below disposable income growth



Source: Verband deutscher Pfandbriefbanken, Bundesbank
¹ Rent evolution for multifamily housing

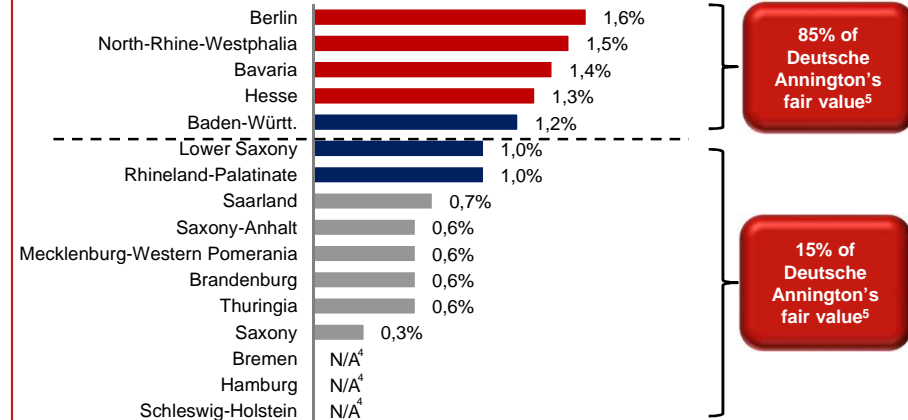
Deutsche Annington's portfolio footprint benefits from continuing supply / demand imbalance

Continuing supply / demand imbalance (units)



Source: JLL, BBSR

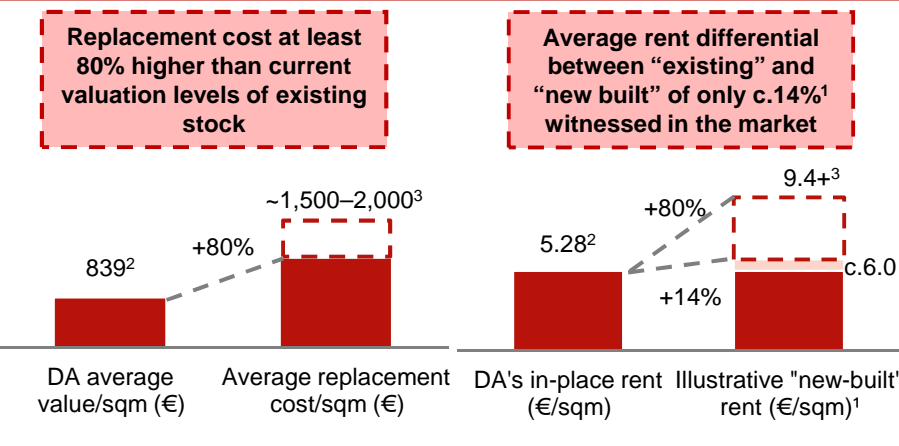
85% of DA's portfolio in states with strongest rental growth



Source: Destatis, 2010-2012 rental growth p.a.

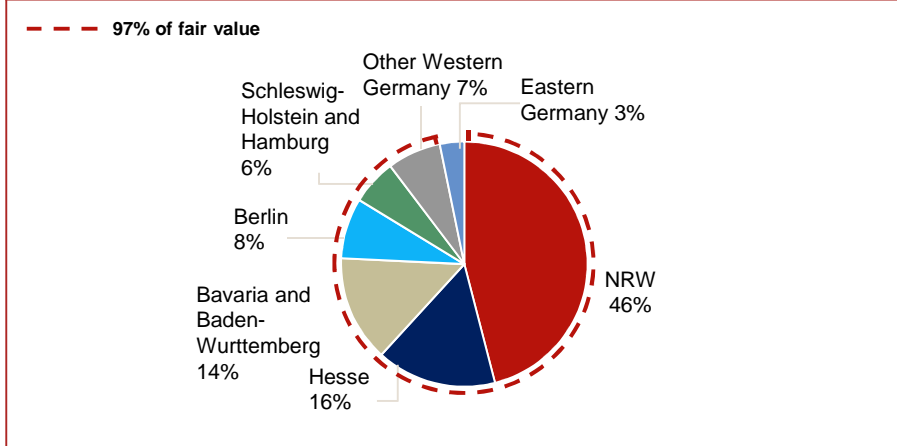
● >5% ● >2.5% ● <2.5% of DA apartments

Low rent differential, favouring existing stock



Source: Capital Immobilienkompass

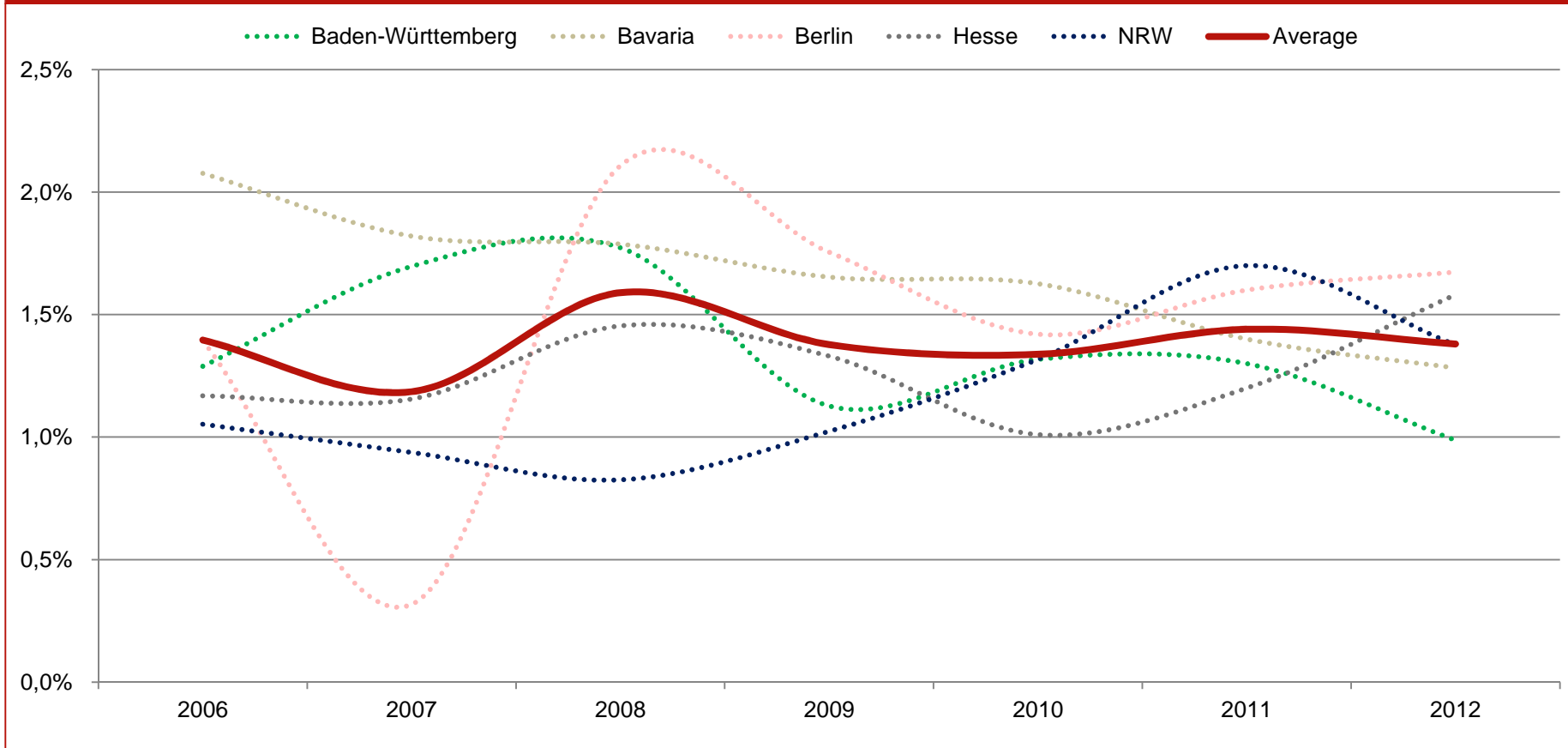
97% of DA's fair value⁵ in Western Germany and Berlin



¹ Based on average rent differential recorded between new and existing units in Germany's largest 15 cities in 2012; ² As of 31 December 2012; ³ Based on Company estimates; ⁴ Rental growth data not available for respective states; ⁵ As of 31 March 2013

German-wide geographical footprint provides rent increase stability

Rent increases in the 5 strongest federal states



Source: Destatis. Rental growth data not available for Bremen, Hamburg and Schleswig-Holstein

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Industrial-like process approach

Our portfolio strategy: nationwide footprint, clearly structured, well-managed and balanced

Portfolio strategy

Rental Only (81%)

Operational value generation through

- Rental growth
- Vacancy reduction
- Effective and sustainable maintenance spent
- Cost efficiency through scale

Additional value creation through investments

- €800m capex opportunities
- Returns above cost of capital
- Cost of capital lower than for acquisitive growth
- Track record of c. €100m of investments since 2010 at 7% unlevered yield on average

Core
95%

I. Operate (44%)

- No need for larger action in the next few years

II. Upgrade Buildings (23%)

- Invest in energy efficiency upgrades
- €500m of opportunities identified

III. Optimise Apartments (14%)

- Invest in apartments for senior living and high standard flats in strong markets

Additional value creation through retail sales

- Total of 22k apartments prepared
- Track record of selling >20% above fair value

IV. Privatise (14%)

- Sell opportunistically if sufficient premium value is offered

Non-core
5%

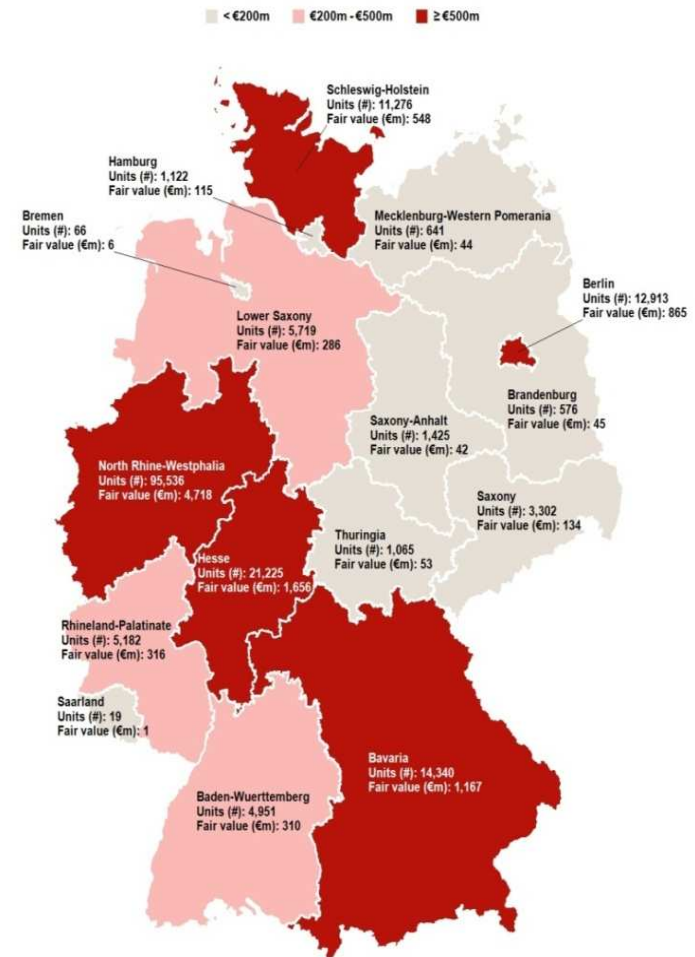
- Insufficient medium- to long-term growth prospects

V. Non-core (5%)

- Sell mid-term around fair value

Portfolio split based on fair market values

Portfolio distribution



Dedicated strategy applied throughout portfolio, driving growth

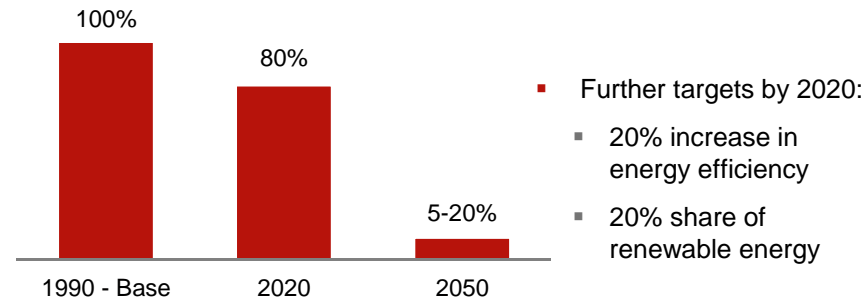
DAIG Residential Portfolio								
30.06.2013								
	Units		Area	Vacancy	In-Place Rent ¹		Rent I-f-I	Vacancy
Portfolio Segment	#	%	('000 sqm)	%	MEUR	€/sqm	Y-o-Y in %	Y-o-Y in %
Operate	78,762	44	4,999	3.1	314	5.40	1.9	-0.6
Upgrade	43,533	24	2,746	3.0	169	5.29	1.8	-0.1
Optimise	21,367	12	1,335	2.1	95	6.03	3.6	-0.1
RENTAL ONLY	143,662	80	9,079	2.9	577	5.46	2.3	-0.4
Privatise	21,753	12	1,490	5.2	90	5.28	1.8	-0.4
Non-Core	13,943	8	878	11.4	40	4.27	0.9	-2.0
TOTAL	179,358	100	11,447	3.9	707	5.35	2.1	-0.6

¹⁾ Excluding commercial in-place-rent of €13.6m and parking & other in-place-rent of €12.6m

Investment programme proactively capitalising on mega-trends supported by German regulation

Upgrade Buildings Targeting energy efficiency

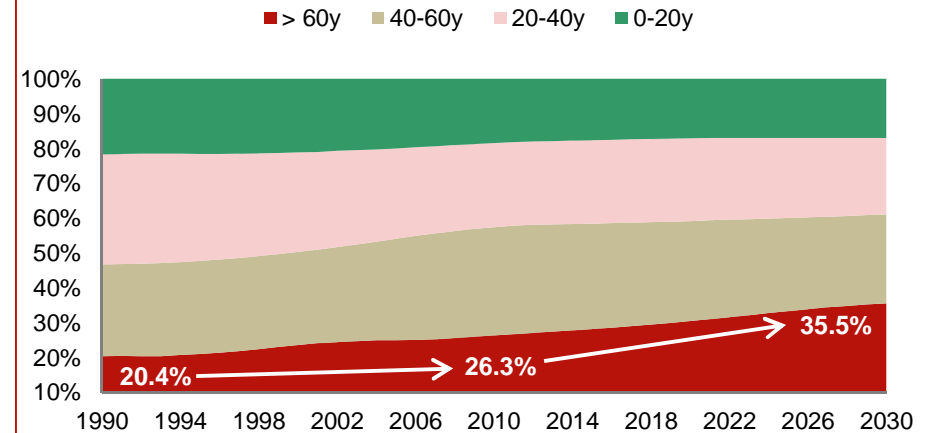
European CO₂ emission targets (vs. 1990 levels)



- Strong regulatory push at the EU level towards energy efficiency
- Supportive German regulatory framework allowing for rent increases following modernisation (up to 11% of energy modernisation cost)
- Public subsidised funding available to support energy efficiency investments

€500m investment opportunities identified

Optimise Apartments Capitalising e.g. on development of senior population



- Significant increase in share of elderly population expected
- Public subsidised funding available to support investments into apartments for elderly people

€300m investment opportunities identified¹

Attractive growth potential at ~7% unlevered yield, proven by our track-record

Source: European Commission, BBSR-Bevölkerungsprognose 2030

¹ Including investments for senior living as well as investments in high demand markets

Case study: “Upgrade Buildings”

Energy efficiency upgrades increase asset quality

Description

- Main measures:
 - Insulation (facade)
 - Window replacement
 - Entrance and staircase renovation
 - Balconies
- Assets have been locally selected by business managers and selection is validated centrally
- Performance of all individual projects are measured ex-post for each business manager

Key metrics of case study – Duisburg

Investment: €640k	Before Modernisation (2008)	After Modernisation (2009)	Difference
Gross rent (€/sqm/m)	5.06	5.87	+0.81
Gross rent (€k)	220	261	+41
Yield from rent	= 41/640 = 6.4%		
Vacancy loss + PTU loss + bad debt (€k)	18	13	-5
Yield from vacancy	= 5/640 = 0.8%		
Total Yield	= 46/640 = 7.2%		

Example

Duisburg

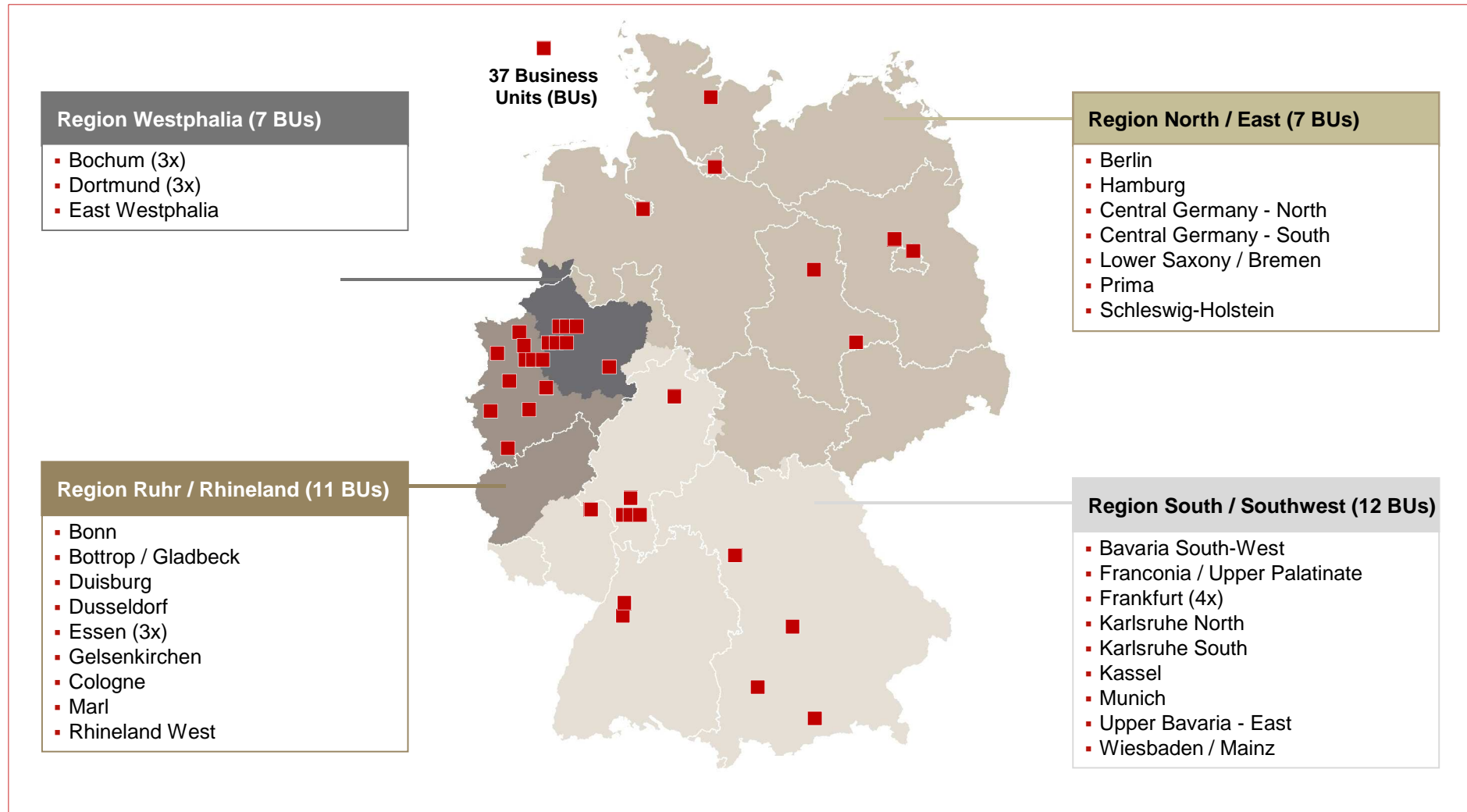
Before



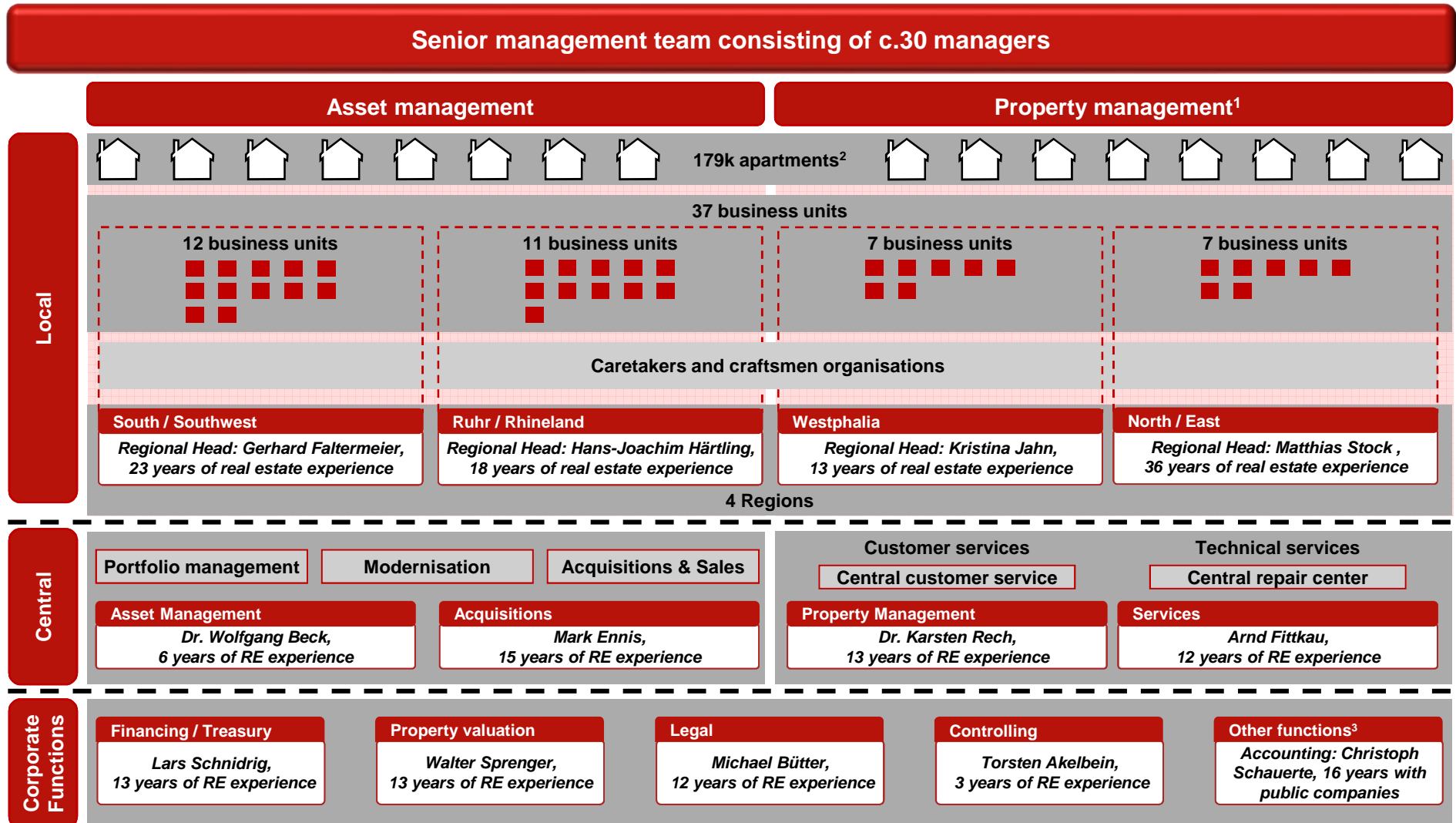
After



37 business units managed as profit centres by local business managers



Efficient and fully integrated operating management platform



¹ Includes also external management of condominiumised apartments, environment, health & safety; ² Number of units as of 30 June 2013, in addition, approx. 24k units administered on behalf of 3rd parties; ³ Other corporate functions include accounting, capital markets, communications, IT, insurance, procurement, PR, tax, internal audit, HR

Insourcing initiatives provide unique operating platform and economies of scale

Deutsche Annington
– the biggest housing
company in Germany



DA
51%

Joint
Venture

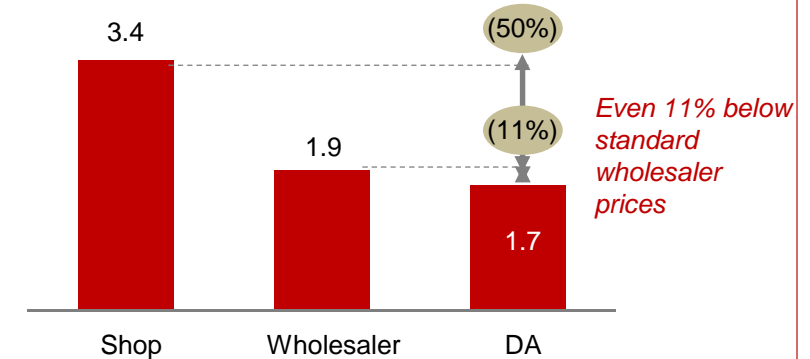
B&O
49%

B&O – one of
Germany's biggest
craftsmen companies



Example A: Central-heating boiler

Total costs in €m p.a.



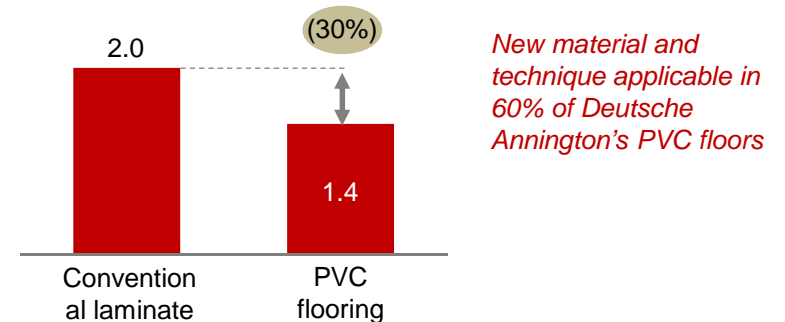
→ Best price through bundling and industry knowledge

- Set-up of service company TGS well on track
 - Since the beginning of 2013, massive expansion of regional presence of TGS
 - All DA customers directly reachable via TGS craftsmen
 - Around 960 FTE nationwide; further expansion planned

Example B: New product for floor covering

(part of €7m for floor)

Total costs in €m p.a.



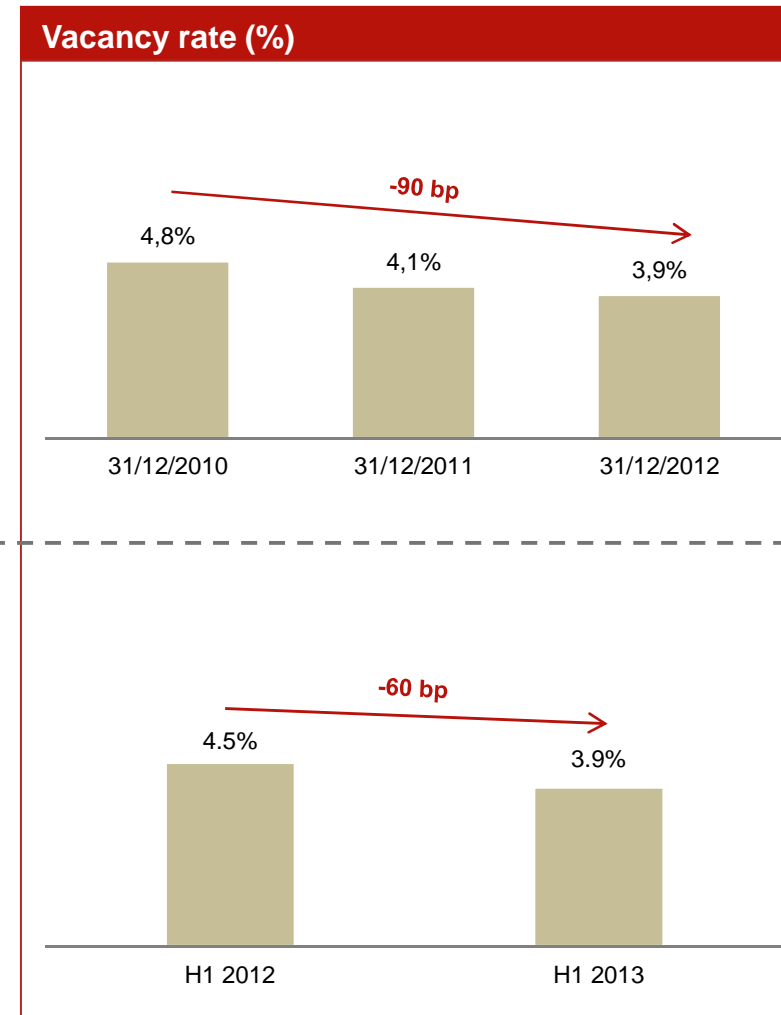
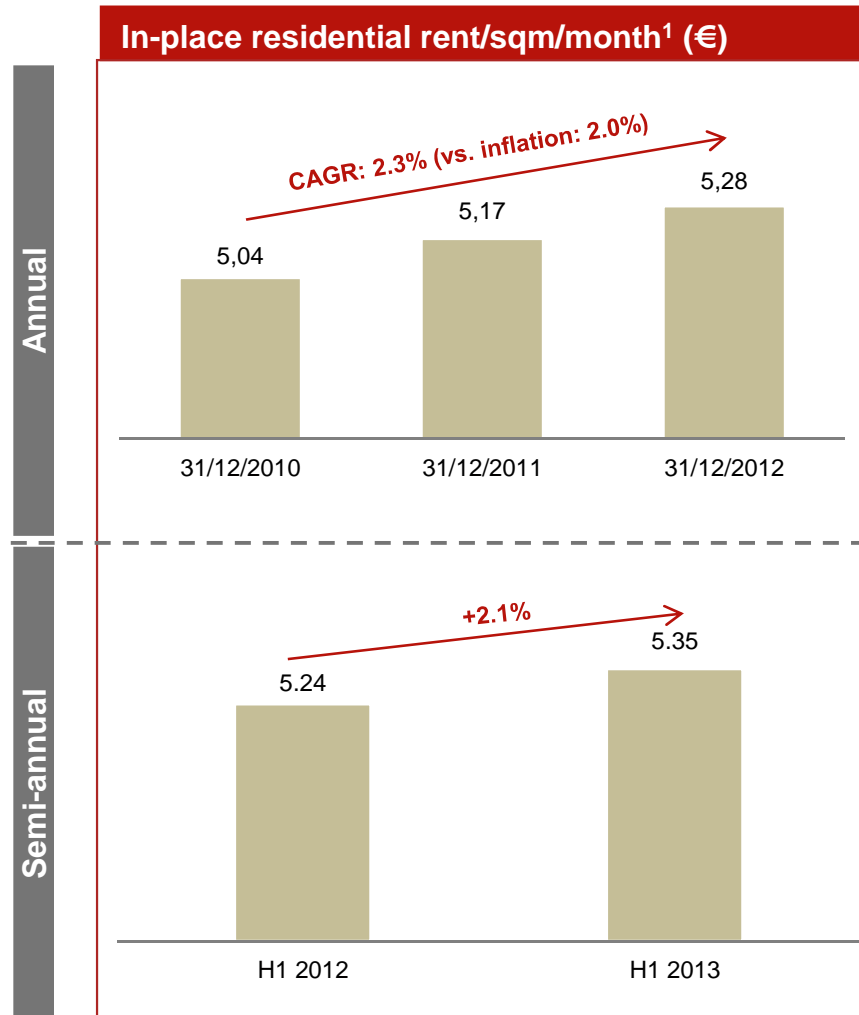
→ Good price, easy installation & low maintenance cost

Scale and professional portfolio management allowing for cross-selling opportunities

Deutsche Telekom partnership

- In 2011, Deutsche Annington signed a contract with Deutsche Telekom whereby Deutsche Telekom will equip 145,000 residential units throughout Germany with modern fibre-optic technology
- Both parties enter into a marketing cooperation for Deutsche Telekom's telephone, internet and television products
- In 2012, Deutsche Annington restructured existing agreements with fragmented supply base of cable networks in order to enable implementation of Deutsche Telekom partnership
- By the end of the second quarter of 2013, 22,000 residential units were connected and additional 21,000 units will follow until the end of Q3 2013.

Strong and proven historical performance as a demonstration of Deutsche Annington's operational strength



¹ Like-for-like

Optimally positioned to capture external growth opportunities on a German-wide basis

**Deutsche Annington is built to be the national consolidator beyond its internal growth
Disciplined acquisition strategy focused on FFO per share and NAV per share accretion**

Our competitive advantages

- Deutsche Annington's DNA is based on acquisitions in this highly fragmented market
- All of Germany is our home turf
- Deep, granular market knowledge
- Scale and operating leverage to incorporate portfolios at low marginal cost
- In-place M&A with industrial-like approach
- Optimal access to diversified, efficient funding

2006-2013 – Our involvement

- 2.4m units screened
- 730k units analysed
- Indicative bids on 390k units and binding bids on 125k units
- Purchase and integration of about 16k units

¹Based on GDW Jahresstatistik 2011

Market sizing and fragmentation

Portfolios of less than 5,000 units

- Highly segmented market with steady flow of investment opportunities

Over 2,500 portfolios of 5,000 units or less, totalling more than 2.6m apartments¹

Portfolios of more than 5,000 units

- Selective opportunities such as private sales and strategic divestments for 5k-20k units portfolios thanks to DA's network
- Potential opportunities to consolidate market leading position through acquisition of portfolios of more than 20k units

Almost 200 portfolios of more than 5,000 units, totalling more than 2.5m apartments¹

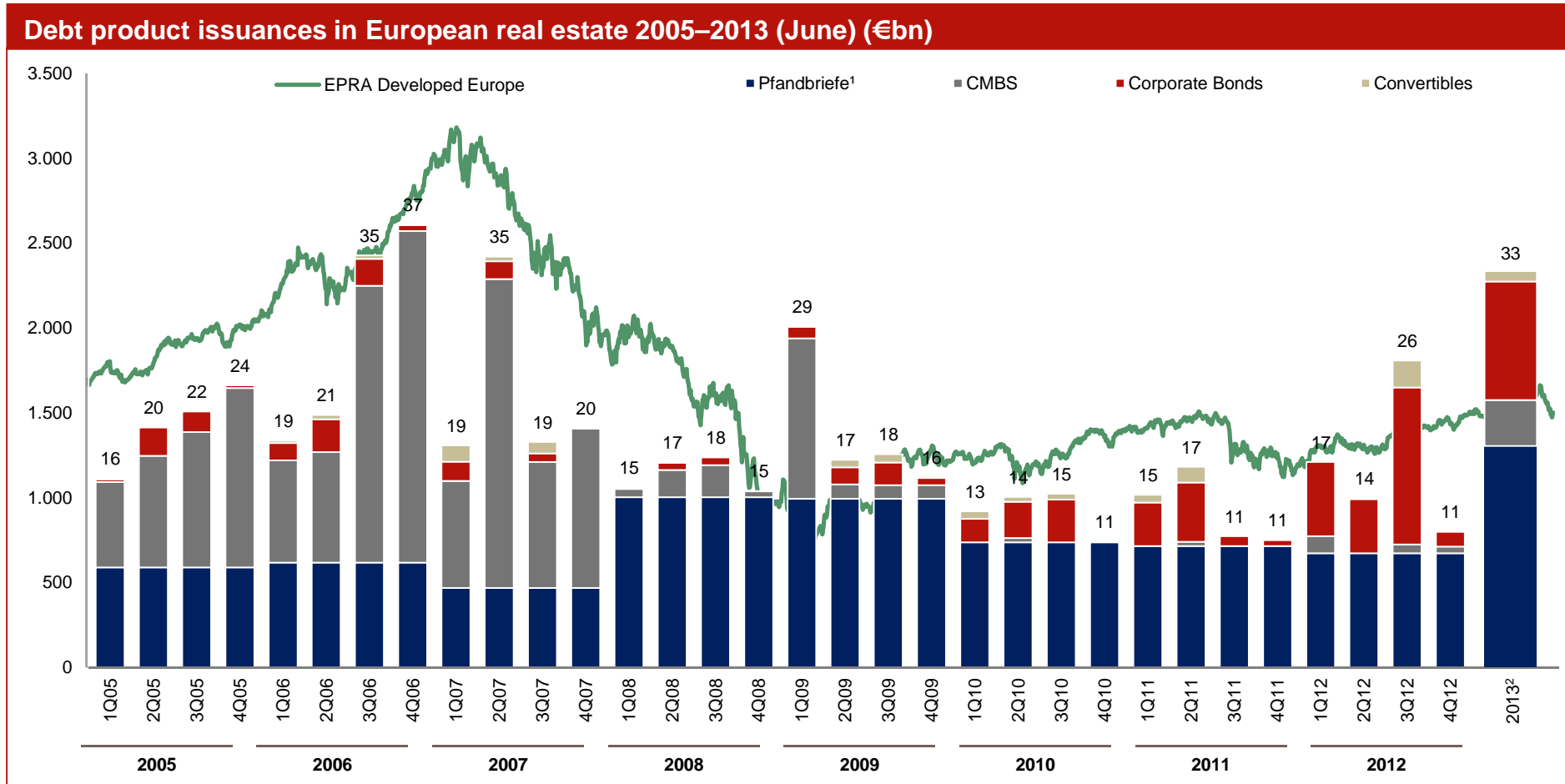
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Financing strategy in line with leading European peers

Availability of funds changed significantly through the cycle

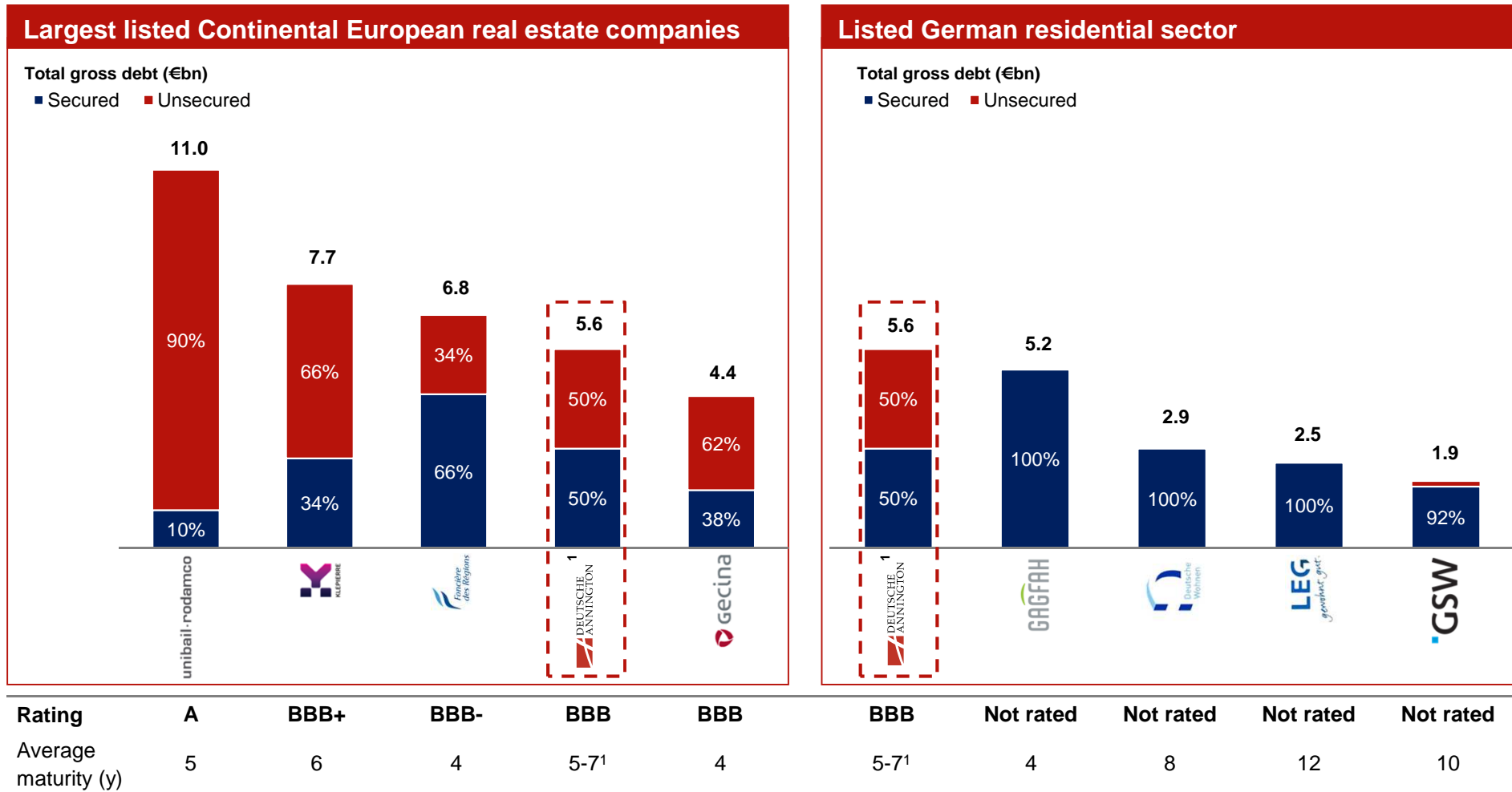


Source: Dealogic, Broker research, Verband deutscher Pfandbriefbanken (VdP), FactSet as of 14 June 2013

¹ Quarterly Mortgage Pfandbrief issuances for 2005-2012 allocated based on equal distribution of total annual issuances

² Pfandbrief issuances for 2013 (June) estimated based on VdP estimates for 2013, pro-rata

Leading European real estate players tailored for maximum financing flexibility throughout the cycle



Source: Company information, Bloomberg

Note: Maturity and secured/unsecured ratio based on latest available reporting. For FDR, data for consolidated entity. For GAGFAH, data excluding current refinancing of GRF

¹ Based on target capital structure post listing and transition to balanced secured / unsecured financing structure

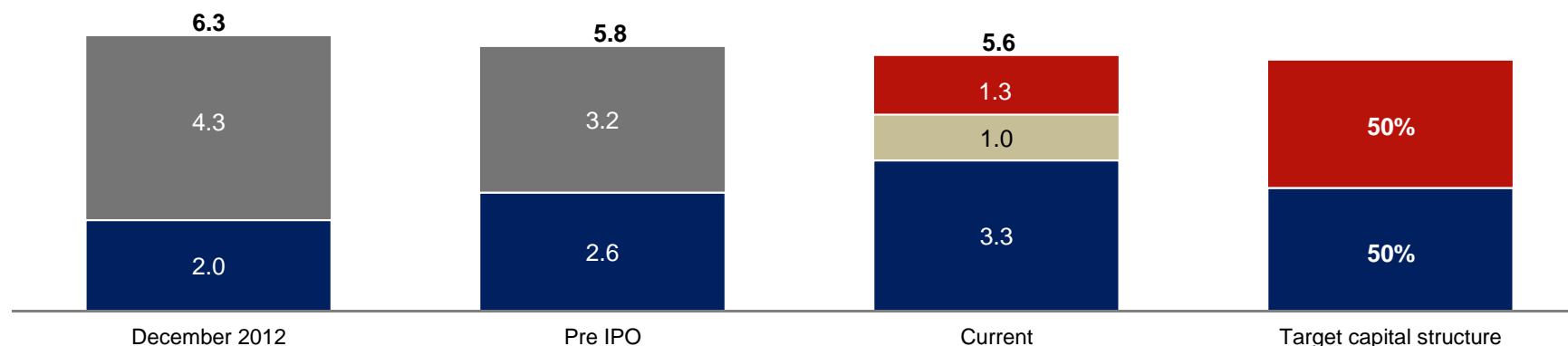
Clear path to targeted capital structure established

- 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

Transformation towards best-in-class financing structure well progressed

Illustrative targeted evolution of Deutsche Annington financial liability structure (€bn, nominal)

■ Secured debt ■ CMBS ■ Term Loan ■ Unsecured debt



LTV (nominal)	59%	54%	c. 50%	c. 50%
% of unencumb. assets	0%	0%	c. 32%	≥50%
Average maturity ¹	< 3 years	c. 3-4 years	c. 4.5 years	5-7 years
Financing cost	4.4%	3.7%	3.0% ²	Ongoing optimisation based on most economical funding

2012 to current

- Successful restructuring of GRAND and deleveraging since end 2012
- Stable financing structure based on secured funding

IPO & Term Loan

- Refinancing of short term maturities and LTV reduction
- Full GRAND refinancing

Unsec. bonds issuance

- Term loan refinancing via unsecured bond issuance
- Supported by BBB rating

Target capital structure

- Well balanced financing structure
- LTV of around 50%

The only Investment Grade rated German real estate player
Establishment of unique financing structure in the German real estate sector

¹ Excluding Senior mortgages

² Refinancing of the term loan might likely be on higher rates than the 1,92% as of 31 August 2013. An increase of the term loan rate or the rate of a respective refinancing instrument by 100bps would increase the total average rate by 18 bps.

Investment grade rating for corporate and bonds achieved

- Corporate investment grade rating

Rating agency	Rating	Outlook	Last Update
Standard & Poor's	BBB	Stable	23 July 2013

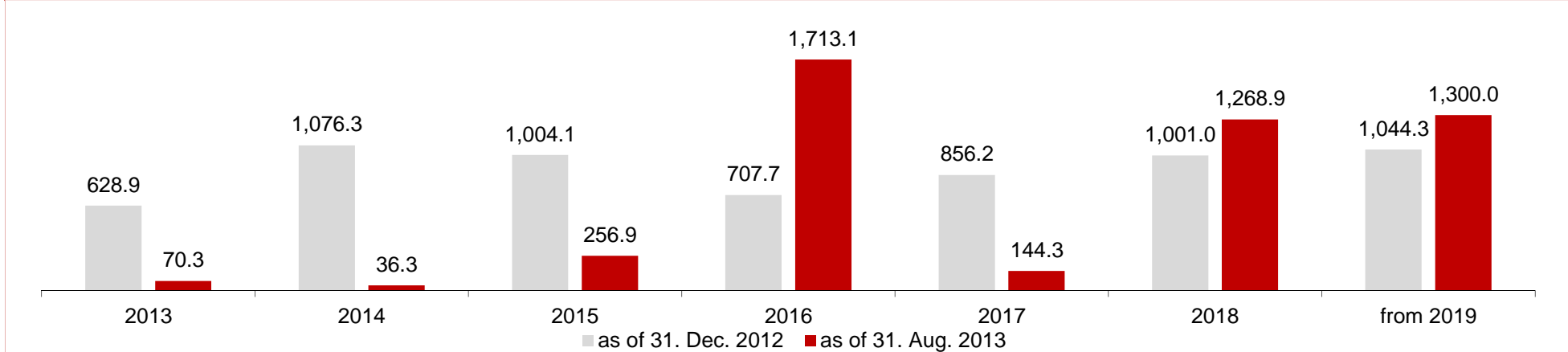
- Bond ratings

	Amount	Issue Price	Coupon	Maturity Date	Rating
2013/16 Euro Bond	€ 700m	99.793%	2.125%	25 July 2016	BBB

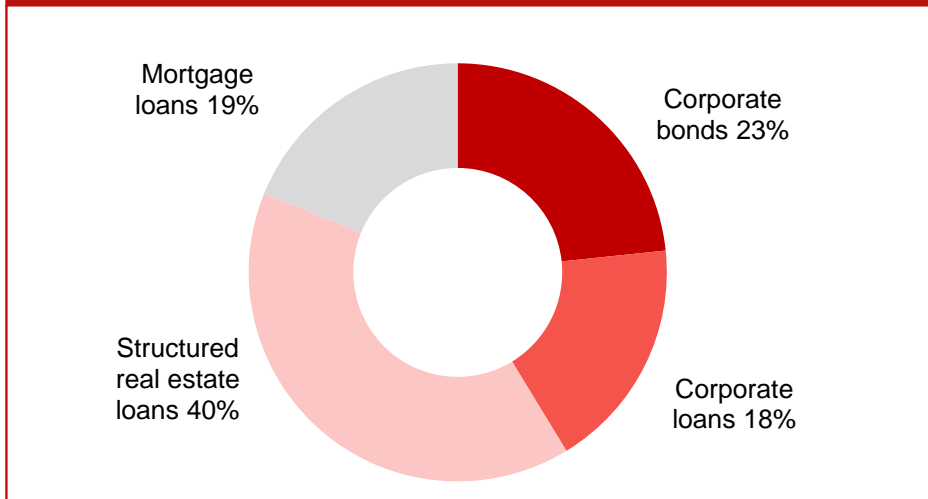
	Amount	Issue Price	Coupon	Maturity Date	Rating
2013/19 Euro Bond	€ 600m	99.935%	3.125%	25 July 2019	BBB

Simplification and increased stability of financing structure through enhanced maturity profile and financing product mix

Comparison of maturity profiles End 2012 vs. 31 August 2013



Debt structure as of 31 August 2013



→ Higher flexibility and cost efficiency through tailored mix of financing instruments

Diversified financing mix provides additional security

Debt	Average Interest (incl. Margin)	Debt as of Aug 13 in € m	Debt Maturity Profile											Total	
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Corealcredit	4.3%	164						156							156
Woge 5	5.5%	249			244										244
PRIMA	3.7%	146						128							128
LBB 1.0	3.1%	654						608							608
Harrison	3.5%	39										35			35
Adams	3.6%	72						67							67
Hoover	3.6%	104						97							97
McKinley 1	3.8%	130								44			76		120
LBB 2.0	3.5%	470								426					426
Roosevelt	3.3%	103						95							95
Wilson	3.2%	91						84							84
Term Loan	1.9%	1,000				1000									1,000
Bonds	2.6%	1,300				700			600						1,300
Other Loans	3.0%	1,049	70	36	13	13	144	34	36	42	19	2	4		414
Total	3.0%	5,571	70	36	257	1,713	144	1,269	636	512	19	36	80		4,772

Refinancing of the term loan might likely be on higher rates than the 1,92% as of 31 August 2013. An increase of the term loan rate or the rate of a respective refinancing instrument by 100bps would increase the total average rate by 18 bps.

Targeted financing structure tailored to optimally support growth strategy



Flexibility to tap alternative sources of cost efficient financing providing stability



Dynamic balance sheet management



For unsecured instruments, no cash trapped from disposals or material restrictions to strategy



Further potential refinancings in the unsecured market may result in improved maturity profile and cost of debt



Further flexibility to finance potential acquisitions

Combination of German assets and best-in-class operations with European financing structure

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Key financials

Key accounting principles

Summary of Deutsche Annington's accounting principles

- Consolidated financial statements of Deutsche Annington Group are prepared under IFRS as adopted by the EU
- Annual financial statements audited by KPMG since 2005. Quarterly financial statements reviewed by KPMG since 2011
- Financial statements comprising 134 legal entities as per year-end 2012 (134 fully consolidated)
- Investment Properties reflect the main asset on balance sheet with €9,844m or 93% of total assets as per year-end 2012, being accounted for under IAS 40
- Total portfolio fair value of €10,423m as of 31 March 2013
- All derivative financial instruments used by Deutsche Annington are part of effective hedging as required by IAS 39
- Deutsche Annington's revenues relate to rental and sales activities complemented by the on-charge of ancillary cost to tenants
- The income statement is affected by periodical fair value adjustments of investment properties in accordance with IAS 40
- Numbers reflected in this presentation disclosed under the accounting policies applied in 2012

Historical P&L development

P&L

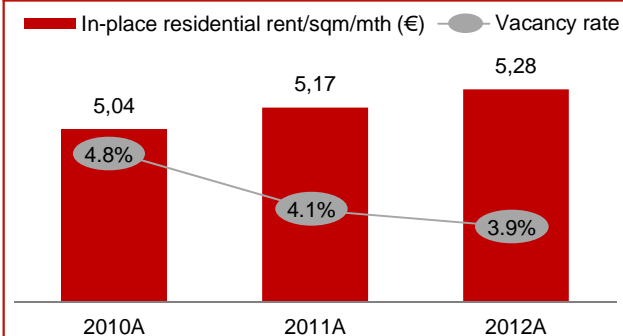
(€m)	2010A	2011A	2012A
Revenues from property letting	1,034	1,059	1,047
Rental income	724	731	729
Ancillary costs	310	328	318
Other income from property management	20	20	18
Income from property management	1,054	1,078	1,065
Income from sale of properties	225	253	305
Carrying amount of properties sold	(154)	(188)	(270)
Revaluation of assets held for sale	–	3	17
Profit on disposal of properties	71	68	52
Net income from fair value adjustments of investment properties	26	247	206
Changes in value of trading properties	0	205 ¹	–
Expenses for ancillary costs	(339)	(354)	(338)
Expenses for maintenance	(126)	(129)	(115)
Other cost of purchased goods and services	(60)	(66)	(67)
Personnel expenses	(83)	(91)	(112)
Depreciation and amortisation	(5)	(6)	(6)
Other operating income	47	44	44
Other operating expenses	(82)	(71)	(81)
Financial income	9	15	12
Financial expenses	(352)	(362)	(443)
Profit before tax	159	578	216
Income tax	32	(154)	(44)
Current income tax	(5)	(5)	(2)
Others	37	(149)	(42)
Profit for the period	191	424	172

Note: 2010 data restated to reflect accounting principles in effect in 2012

¹ Revaluation preceding transfer to investment properties

- Stable rental income across 2010, 2011 and 2012 with declining number of residential units almost fully offset by increase in average monthly rent over the period and decrease in vacancy rate

Rent and vacancy evolution



Note: Like-for-like in-place residential rent

Historical P&L development

P&L			
(€m)	2010A	2011A	2012A
Revenues from property letting	1,034	1,059	1,047
Rental income	724	731	729
Ancillary costs	310	328	318
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Others	37	(149)	(42)
Profit for the period	191	424	172

Note: 2010 data restated to reflect accounting principles in effect in 2012

¹ Revaluation preceding transfer to investment properties

Comments

- Includes income / profit on disposal of investment and trading properties as well as revaluations of assets held for sale
- Increase of income from sale of properties results from favourable market conditions, allowing for higher sales volumes
- Evolution of profit from disposal reflects reclassification and timing effects

Historical P&L development

P&L

(€m)	2010A	2011A	2012A
Revenues from property letting	1,034	1,059	1,047
Rental income	724	731	729
Ancillary costs	310	328	318
Other income from property management	20	20	18
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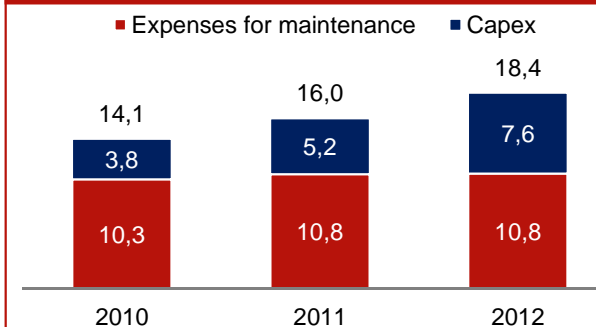
Note: 2010 data restated to reflect accounting principles in effect in 2012

¹ Revaluation preceding transfer to investment properties

Comments

- Includes cost of repairs and maintenance recognised as expenses
- Increase in 2011 in-line with Deutsche Annington's maintenance budget
- For 2012, the insourcing of craftsmen's services and a shift to projects which qualify for capitalised maintenance resulted in a 10.6% decrease in maintenance expense

Exp. for maintenance & capex (€/sqm)



Historical P&L development

P&L

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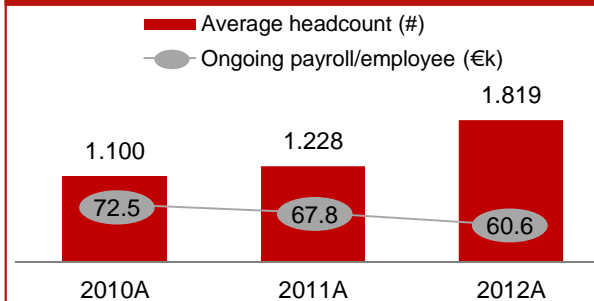
Note: 2010 data restated to reflect accounting principles in effect in 2012

¹ Revaluation preceding transfer to investment properties

Comments

- Include wages, salaries, social security and other employee benefits
- Increase in fiscal year 2012 was primarily due to the insourcing initiative that began in 2011 and resulted in a headcount increase from 1,279 at end 2011 to 2,260 at end 2012 (average headcount 2012: 1,819)
- Increase in fiscal year 2011 besides the started insourcing initiative, primarily due to restructuring measures

Personnel evolution



Historical P&L development

P&L			
(€m)	2010A	2011A	2012A
Revenues from property letting	1,034	1,059	1,047
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Ancillary costs	310	328	318
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Others	37	(149)	(42)
Profit for the period	191	424	172

Note: 2010 data restated to reflect accounting principles in effect in 2012

¹ Revaluation preceding transfer to investment properties

Comments

- Increase in fiscal year 2012 mainly driven by the negative effect of GRAND swap valuation (€83m) and an increase in transaction costs to €57m, mitigated by lower financial indebtedness levels
- Increase in fiscal year 2011 resulting from the GRAND restructuring transaction costs of €27m incurred in fiscal year 2011

Historical P&L development

P&L			
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Others	37	(149)	(42)
Profit for the period	191	424	172

Note: 2010 data restated to reflect accounting principles in effect in 2012

¹ Revaluation preceding transfer to investment properties

Comments

- Income tax declined in fiscal year 2012 primarily due to lower valuation gains from fair value adjustments vs. fiscal year 2011
- In fiscal year 2011, income tax increased primarily as a result of higher deferred income tax on temporary differences (€151m) due to the reclassification of trading properties into investment properties
- 2010 numbers affected by capitalisation of deferred tax assets on tax loss carryforwards

Financials - H1 2013 – P&L development

(€m)	H1 2013	H1 2012	Change	
			(€m)	%
Revenues from property letting	523.2	532.0	-8.8	-1.7
Rental income	364.0	365.4	-1.4	-0.4
Ancillary costs	159.2	166.6	-7.4	-4.4
Other income from property management	9.0	9.1	-0.1	-1.1
Income from property management	532.2	541.1	-8.9	-1.6
Income from sale of properties	166.9	140.3	26.6	19.0
Carrying amount of properties sold	-154.0	-121.9	-32.1	26.3
Revaluation of assets held for sale	11.1	12.8	-1.7	-13.3
Profit on disposal of properties	24.0	31.2	-7.2	-23.1
Net income from fair value adjustments of investment properties	523.9	80.7	443.2	
Expenses for ancillary costs	-159.4	-174.8	15.4	-8.8
Expenses for maintenance	-50.2	-58.9	8.7	-14.8
Other cost of purchased goods and services	-27.8	-32.3	4.5	-13.9
Personnel expenses	-70.4	-48.7	-21.7	44.6
Depreciation and amortisation	-2.8	-2.9	0.1	-3.4
Other operating income	19.2	14.2	5.0	35.2
Other operating expenses	-41.9	-32.7	-9.2	28.1
Financial income	7.1	2.3	4.8	
Financial expenses	-128.4	-163.0	34.6	-21.2
Profit before tax	625.5	156.2	469.3	
Income tax	-185.3	-44.7	-140.6	
Current income tax	-4.0	-3.6	-0.4	11.1
Others (incl. deferred tax)	-181.3	-41.1	-140.2	
Profit for the period	440.2	111.5	328.7	

Comments

- Stable rental income
- Average size of the residential portfolio over the period down from 185k to 179k as a result of sales
- Offset by higher average residential in-place rent per square metre per month (€ 5.35 vs. € 5.24) and lower vacancy rate (3.9% vs. 4.5%)
- IFRS Profit on disposal lower due to higher carrying amount of properties sold
- Net income from fair value adjustments increased driven by valuation
- Ancillary costs develop in line with decreasing number of units; analogously, expenses for ancillary costs reflect units development and insourcing effect
- Increased personnel expenses primarily due to the insourcing initiative of caretakers (€ 4.6m) and craftsmen (€ 12.5m) and LTIP (€ 4.1m, of which € 3.4m were IPO-related)
- Increase driven by insourcing higher provisions and increased audit, consultancy fees and legal costs
- Financial expenses decreased substantially by the deleveraging effect of the GRAND CMBS restructuring as well as lower interest rates
- Profit for the period mainly driven by valuation effects

Exemplification - DA's maintenance and capex split

Maintenance and modernisation

	H1 2013	H1 2012
Sales of own craftsmen's organisation	56.7	18.5
Bought-in services	32.7	76.7
Total cost of modernisation and maintenance work	89.4	95.2
Intercompany profits of own craftsmen's organisation eliminated in the consolidated financial statements	-4.4	-1.2
Modernisation and maintenance work recognised in the consolidated financial statements	85.0	94.0
...thereof maintenance ¹	67.1	63.0
...thereof capitalised maintenance	11.6	6.3
...thereof modernisation	6.3	24.7

Comments

- Modernisation and maintenance are always subject to seasonality effects and impacted by cut-off dates which makes the analysis of fractions of a year less meaningful

- Revenues of the own craftsmen organisation increased significantly

- Total modernisation and maintenance work slightly below previous year

- Craftmen organisation generated profit /savings of € 4.4m

- Modernisation program with a slow start, but annual spend expected on previous year level

- Driven by weather conditions and delays due to capital structure reorganisation

- Quarterly numbers are always subject to higher volatility due to completion cut-offs

Note: Rounding errors may occur

1) including cost of materials of € 50.2 million as well as personnel expenses of € 16.9 million and other costs.

Historical Adjusted EBITDA development

Bridge to Adjusted EBITDA

(€m)	2010A	2011A	2012A
Profit for the period	191	424	172
Interest expense/(income)	346	350	434
Income taxes	(32)	154	44
Depreciation	5	6	6
Net income from fair value adj. of investment properties	(26)	(247)	(206)
Changes in value of trading properties	(0)	(205) ¹	0
EBITDA IFRS	485	483	450
Non-recurring items	3 ²	18	21
Adjustments ³	(21)	(24)	3
Adjusted EBITDA³	466	477	474
Adjusted EBITDA Rental	429	449	437
Adjusted EBITDA Sales³	37	29	37

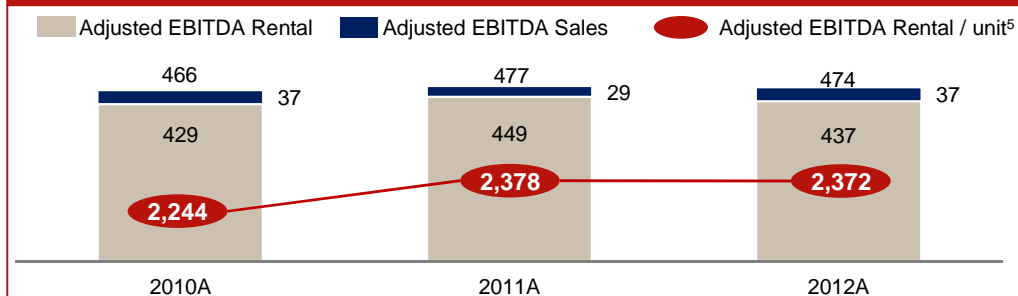
Rental segment

(€m)	2010A	2011A	2012A
Rental income	724	731	729
Other income from property management	20	20	18
Ancillary cost balance ⁴	(26)	(23)	(21)
Other property management costs	(288)	(279)	(289)
Adjusted EBITDA Rental	429	449	437

Sales segment

(€m)	2010A	2011A	2012A
Income from disposal of properties	225	253	305
Carrying amount of properties sold	(154)	(188)	(270)
Revaluation of assets held for sale	0	3	17
Profit on disposal of properties	71	68	52
Operating expenses	(13)	(15)	(18)
Adjustments ³	(21)	(24)	3
Adjusted EBITDA Sales	37	29	37

Evolution of Adjusted EBITDA (€m)



- Resilient rental income despite property sales
- Increased cost base in 2012 reflecting investments into future organisation (insourcing of craftsmen)
- Higher sales volume in 2012, however lower gross margin

Note: 2010 data restated to reflect accounting principles in effect in 2012. ¹ Revaluation preceding transfer to investment properties; ² Unaudited; ³ Adjustment to eliminate the effect of certain reporting principles resulting in the recognition of profit on disposal of properties in periods prior to the recognition of income from the sale of such properties and the effect of the reclassification of trading properties into investment properties at the end of 2011. Reported Adjusted EBITDA was €488m in 2010, €501m in 2011 and €471m in 2012 and Reported EBITDA Sales was €58m in 2010, €52m in 2011 and €34m in 2012; ⁴ Inclusive of certain personnel expenses as per insourcing activities; ⁵ Based on average number of units over the year

H1 2013 – Increased Adjusted EBITDA Rental and stable Adjusted EBITDA Sales

Bridge to Adjusted EBITDA

(€m)	H1 2013	H1 2012
Profit for the period	440	112
Interest expenses/(income)	122	161
Income taxes	185	45
Depreciation	3	3
Net income from fair value adjustments of investment properties	-524	-81
EBITDA IFRS	226	239
Non-recurring items	14	3
Period adjustments	2	-5
Adjusted EBITDA	242	238
Adjusted EBITDA Rental	222	218
Adjusted EBITDA Sales	20	19

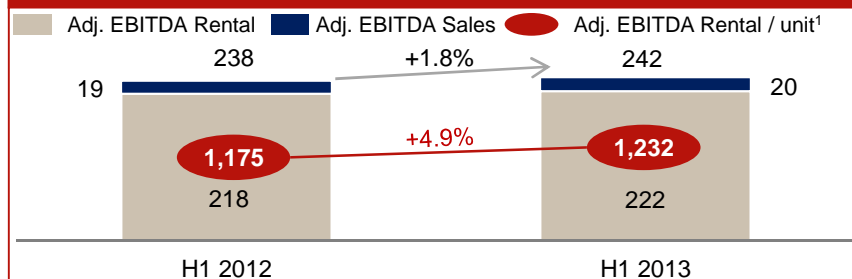
Rental segment

(€m)	H1 2013	H1 2012
<i>Average number of units over the period (k)</i>	179	186
Rental income	364	365
Other income from property management	9	9
Ancillary cost balance	(9)	(9)
Other property management costs	(142)	(147)
Adjusted EBITDA Rental	222	218

Sales segment

(€m)	H1 2013	H1 2012
<i>Number of units sold</i>	2,587	1,886
Income from disposal of properties	167	140
Carrying amount of properties sold	(154)	(122)
Revaluation of assets held for sale	11	13
Profit on disposal of properties	24	31
Operating expenses	(6)	(7)
Period adjustments	2	(5)
Adjusted EBITDA Sales	20	19

Evolution of Adjusted EBITDA (€m)



- Adjusted EBITDA Rental growing with reduced portfolio
- Adjusted EBITDA Rental per unit increased by 4.9% to €1,232 per unit
- Adjusted EBITDA Sales slightly above level of previous year
- Adjusted EBITDA also growing

¹ Based on average number of units over the year

Historical FFO development

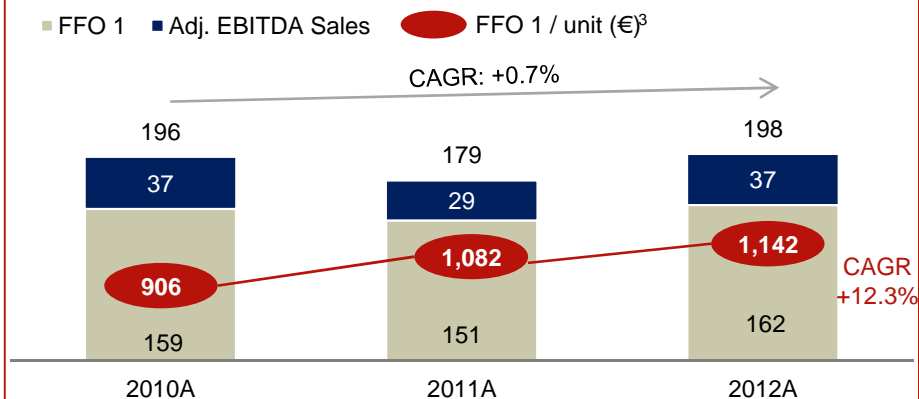
FFO evolution

(€m)	2010A	2011A	2012A
Adjusted EBITDA¹	466	477	474
(-) Net cash interest	(265)	(293)	(274)
(-) Current income taxes	(5)	(5)	(2)
(=) FFO 2	196	179	198
(-) Adjusted EBITDA Sales	(37)	(29)	(37)
(=) FFO 1	159	151	162
(-) Capitalised maintenance ²	(11)	(16)	(24)
(=) AFFO	148	135	138
(+) Capitalised maintenance ²	11	16	24
(+) Expenses for maintenance	126	129	115
(+) Craftsmen's personnel expenses	0	1	12
(=) FFO 1 (excl. maintenance)	285	280	289

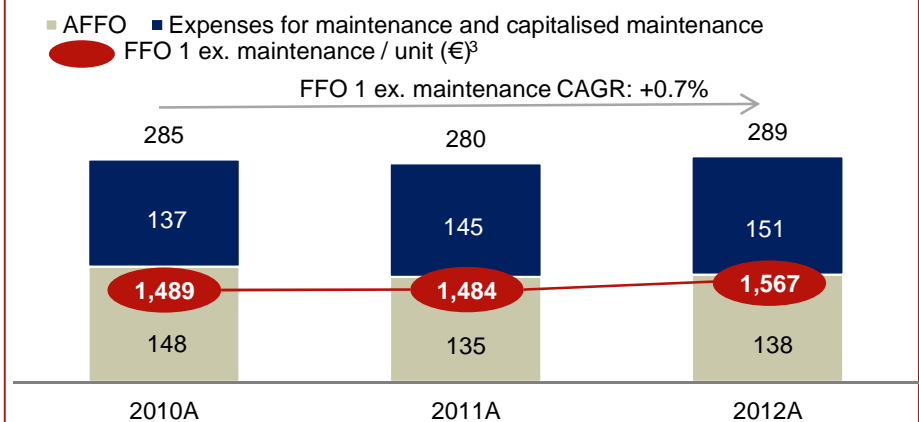
Note: 2010 data restated to reflect accounting principles in effect in 2012

¹ Adjusted to eliminate the effect of certain reporting principles resulting in the recognition of profit on disposal of properties in periods prior to the recognition of income from the sale of such properties and the effect of the reclassification of trading properties into investment properties at the end of 2011. Reported Adjusted EBITDA was €488m in 2010, €501m in 2011 and €471m in 2012; ² Capitalised maintenance excluding discretionary, value-enhancing modernisation capex; ³ Based on average number of units over the period

FFO 1 and FFO 2



FFO 1 ex. maintenance (€m)

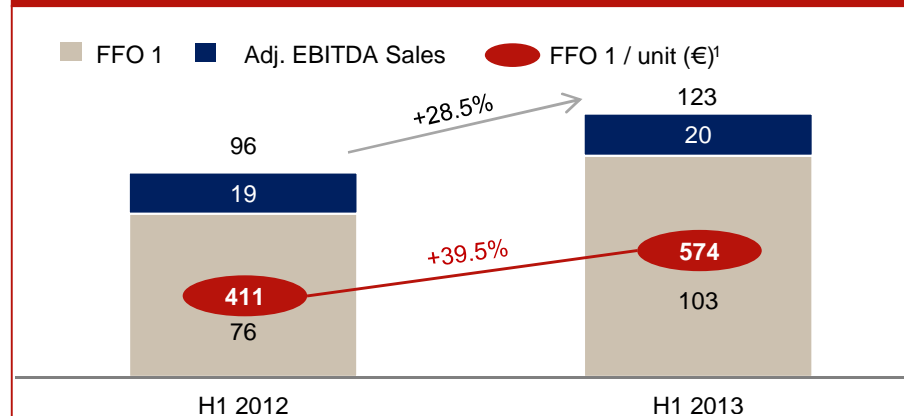


H1 2013 – All FFO definitions significantly higher than previous year

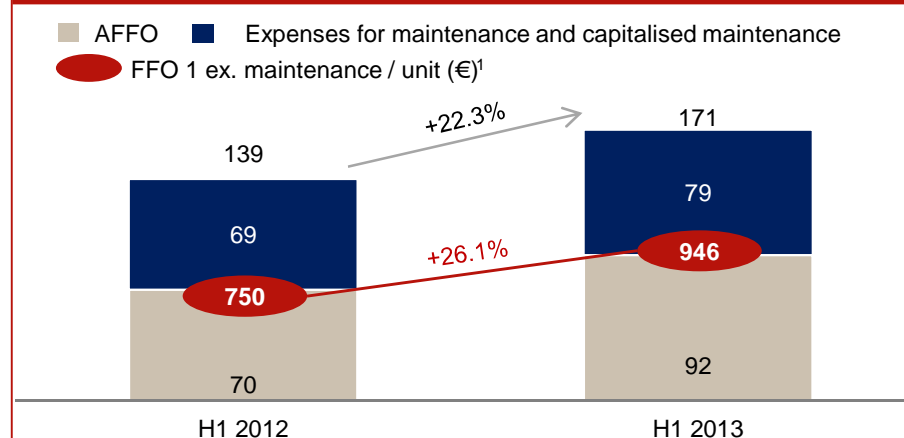
FFO evolution

(€m)	H1 2013	H1 2012
Adjusted EBITDA	242	238
(-) Net cash interest	(115)	(138)
(-) Current income taxes	(4)	(4)
(=) FFO 2	123	96
(-) Adjusted EBITDA Sales	20	19
(=) FFO 1	103	76
(-) Capitalised maintenance	12	6
(=) AFFO	92	70
(+) Capitalised maintenance	12	6
(+) Expenses for maintenance	67	63
(=) FFO 1 (excl. maintenance)	171	139

FFO 1 and FFO 2



FFO 1 ex. maintenance (€m)



¹ Based on average number of units over the year

Historical balance sheet evolution

Overview				Comments			
(€m)	2010A	2011A	2012A				
Investment properties	8,437	9,894	9,844	<ul style="list-style-type: none"> Periodical fair value adjustments in accordance with IAS 40 			
Other non-current assets	79	78	103				
Total non-current assets	8,516	9,972	9,947				
Cash and cash equivalents	311	279	470	<ul style="list-style-type: none"> Until December 2012, internal valuation included in year-end audit by external auditor 			
Other current assets	1,354	132	192				
Total current assets	1,665	411	662				
Total assets	10,181	10,383	10,608	<ul style="list-style-type: none"> Increase in fiscal year 2011 primarily resulting from reclassification of trading properties into Investment properties and revaluation of €205m to reflect fair values as per 31 December 2011 preceding the transfer 			
Total equity attributable to DA shareholders	1,806	2,216	2,666				
Non-controlling interests	12	14	11				
Total equity	1,818	2,230	2,677				
Other financial liabilities	6,501	6,146	5,767				
Deferred tax liabilities	544	692	724				
Provisions for pensions and similar obligations	251	254	319				
Other non-current liabilities	174	154	131				
Total non-current liabilities	7,470	7,246	6,941				
Other financial liabilities	612	619	684				
Other current liabilities	281	288	306				
Total current liabilities	893	907	990				
Total liabilities	8,363	8,153	7,931				
Total equity and liabilities	10,181	10,383	10,608				

Note: 2010 data restated to reflect accounting principles in effect in 2012

Historical balance sheet evolution

Overview				Comments			
(€m)	2010A	2011A	2012A				
Investment properties	8,437	9,894	9,844	<ul style="list-style-type: none"> Year-end 2012 cash balance increased through cash capital increase by MHI in December 2012 €363m of restricted cash as of 31 December 2012 Usually Deutsche Annington carries a high cash balance at year-end, because significant amounts are due at the January GRAND IPDs 			
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Historical balance sheet evolution

Overview

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Provisions for pensions and similar obligations	251	254	319
Other non-current liabilities	174	154	131
Total non-current liabilities	7,470	7,246	6,941
Other financial liabilities	612	619	684
Other current liabilities	281	288	306
Total current liabilities	893	907	990
Total liabilities	8,363	8,153	7,931
Total equity and liabilities	10,181	10,383	10,608

Comments

- Increase in fiscal year 2012 primarily resulting from €334m equity contribution by MHI relating to the restructuring of GRAND
- Increase attributable to accumulated profit including valuation increases
- Increase in equity ratio to 25.2% at year end 2012 from 21.5% at year end 2011

Note: 2010 data restated to reflect accounting principles in effect in 2012

Historical balance sheet evolution

Overview

(€m)	2010A	2011A	2012A
Investment properties	8,437	9,894	9,844
Other non-current assets	79	78	103
Total non-current assets	8,516	9,972	9,947
Cash and cash equivalents	311	279	470
Other current assets	1,354	132	192
Total current assets	1,665	411	662
Total assets	10,181	10,383	10,608
Total equity attributable to DA shareholders	1,806	2,216	2,666
Non-controlling interests	12	14	11
Total equity	1,818	2,230	2,677
Other financial liabilities	6,501	6,146	5,767
Deferred tax liabilities	544	692	724
Provisions for pensions and similar obligations	251	254	319
Other non-current liabilities	174	154	131
Total non-current liabilities	7,470	7,246	6,941
Other financial liabilities	612	619	684
Other current liabilities	281	288	306
Total current liabilities	893	907	990
Total liabilities	8,363	8,153	7,931
Total equity and liabilities	10,181	10,383	10,608

Comments

- Includes bank and other creditors' liabilities as well as deferred interest and derivative financial liabilities
- In 2012 financial liabilities decreased from €6,765m to €6,451m mainly due to repayments of securitised debt that was partially offset by an increase in bank liabilities and a rise in derivative financial liabilities mainly due to an increase in cash flow hedges
- In 2011 financial liabilities decreased from €7,113m to €6,765m, mainly due to repayment of debt

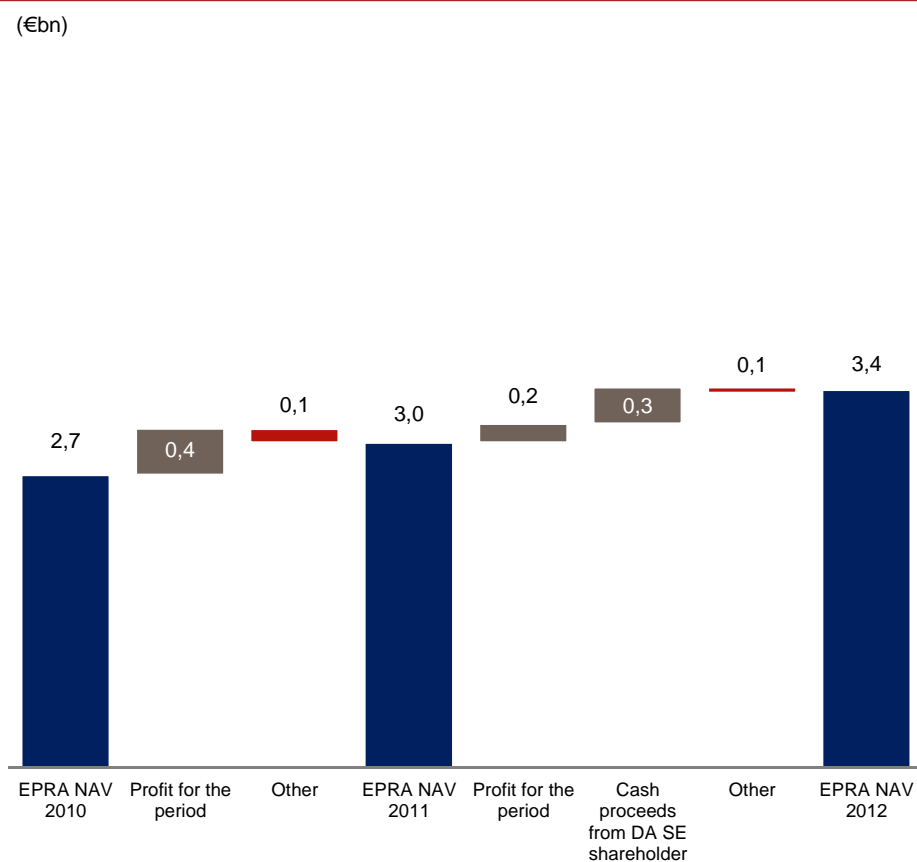
Note: 2010 data restated to reflect accounting principles in effect in 2012

H1 2013 – Balance sheet evolution

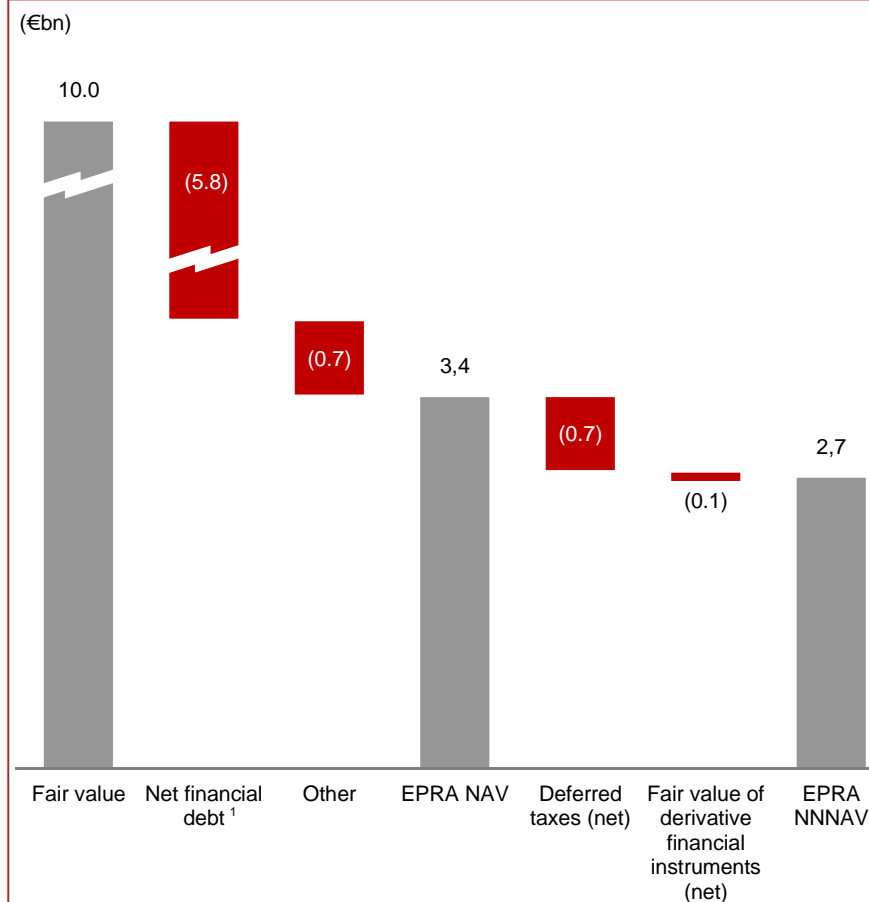
Overview			Comments
(€m)	H1 2013	YE 2012	
Investment properties	10,279	9,844	<ul style="list-style-type: none"> ▪ Increase driven by valuation while number of units decreased from 185k to 179k
Other non-current assets	342	103	
Total non-current assets	10,621	9,947	<ul style="list-style-type: none"> ▪ Contribution of the so called S-Loans (a receivable that after the repayment of GRAND will be netted against the outstanding GRAND liabilities) of €239m resulted in increase of non-current assets and equity
Cash and cash equivalents	222	470	
Other current assets	191	192	
Total current assets	413	662	<ul style="list-style-type: none"> ▪ €240m of cash was applied to the repayment of GRAND liabilities in January 2013
Total assets	11,034	10,608	
Total equity attributable to DA shareholders	3,396	2,666	<ul style="list-style-type: none"> ▪ Increase driven capital contributions and by profit of the period, mainly resulting from valuation of properties
Non-controlling interests	14	11	
Total equity	3,410	2,677	<ul style="list-style-type: none"> ▪ Financial liabilities decreased due to the repayment of GRAND after the successful restructuring in 2012 out of cash on the balance sheet
Other financial liabilities	5,549	5,767	
Deferred tax liabilities	920	724	
Provisions for pensions and similar obligations	292	319	
Other non-current liabilities	132	131	
Total non-current liabilities	6,893	6,941	
Other financial liabilities	481	684	
Other current liabilities	251	306	
Total current liabilities	732	990	
Total liabilities	7,624	7,931	
Total equity and liabilities	11,034	10,608	

Historical EPRA NAV development

Evolution of EPRA NAV 2010-2012



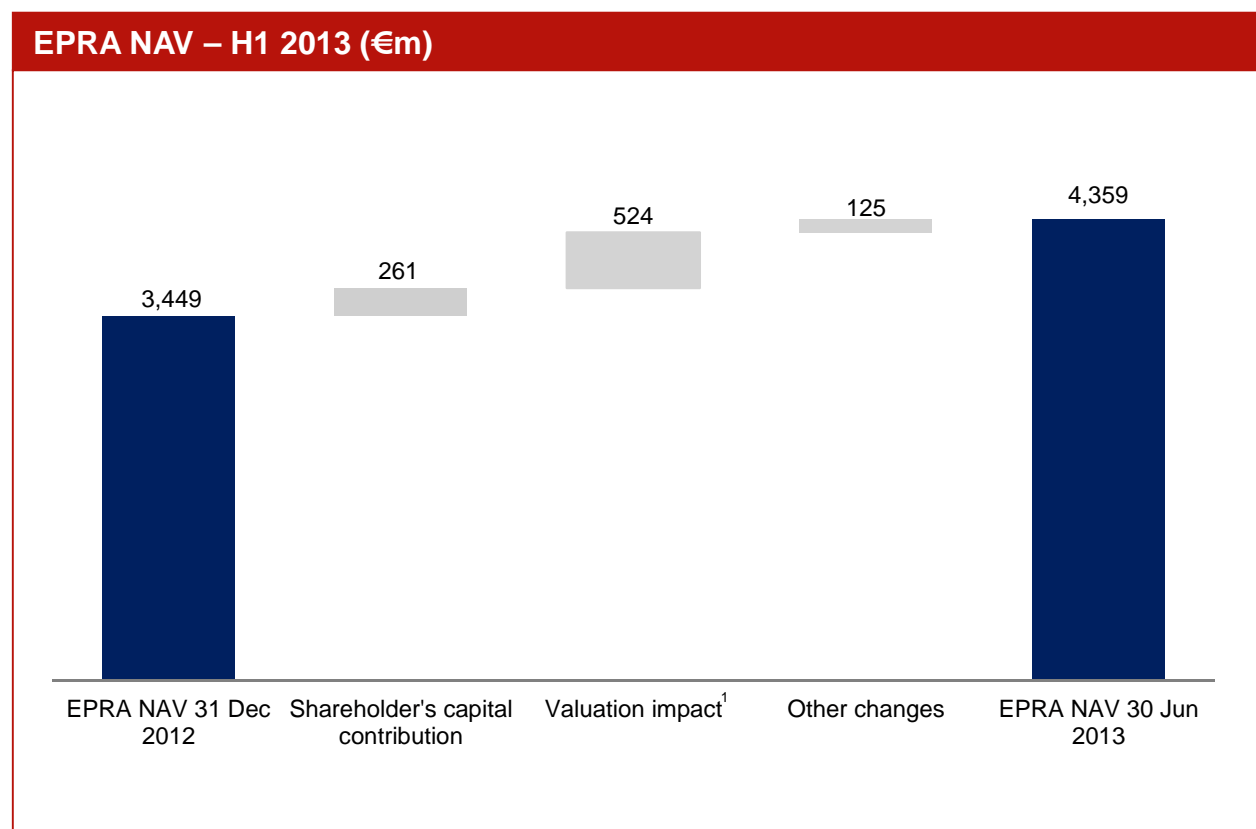
Fair value to EPRA NAV bridge (2012A)



Note: 2010 data restated to reflect accounting principles in effect in 2012

¹ Based on nominal amount; excluding derivative financial liabilities and net of cash

Financials - H1 2013 – EPRA NAV rising due to external valuation and shareholder contribution



Comments

- Main impact from valuation of property portfolio
- Further effects from shareholders capital contributions
 - Thereof € 239m from contribution of the so called S-Loans receivable and €22m from the increase in number of shares in preparation of the IPO

¹⁾ Excluding deferred tax impact of external valuation

Historical cash flow statement

Cash Flow Statement

(€m)	2010A	2011A	2012A
Cash flow from/used in operating activities	477	585	386
Cash flow from/used in investing activities	43	88	195
Cash flow from/used in financing activities	(484)	(705)	(388)
Of which cash proceeds from DA SE shareholder	-	0	334
Net changes in cash and cash equivalents	35	(32)	192
Cash and cash equivalents at beginning of period	276	311	279
Cash and cash equivalents at end of period	311	279	470

Comments

- Operating cash flow decrease of €199m in fiscal year 2012 mainly attributable to a decline in income from sale of trading properties and increase in income tax paid
- The change in income from sale of trading properties is primarily attributable to reclassification of trading properties into investment properties

Historical cash flow statement

Cash Flow Statement

(€m)	2010A	2011A	2012A
Cash flow from/used in operating activities	477	585	386
Cash flow from/used in investing activities	43	88	195
Cash flow from/used in financing activities	(484)	(705)	(388)
Of which cash proceeds from DA SE shareholder	-	0	334
Net changes in cash and cash equivalents	35	(32)	192
Cash and cash equivalents at beginning of period	276	311	279
Cash and cash equivalents at end of period	311	279	470

Comments

- Investing cash flow more than doubled in fiscal year 2012
- Increase mainly driven by higher proceeds from disposal of investment properties, partially offset by an increase in modernisation

Historical cash flow statement

Cash Flow Statement

(€m)	2010A	2011A	2012A
Cash flow from/used in operating activities	477	585	386
Cash flow from/used in investing activities	43	88	195
Cash flow from/used in financing activities	(484)	(705)	(388)
Of which cash proceeds from DA SE shareholder	-	0	334
Net changes in cash and cash equivalents	35	(32)	192
Cash and cash equivalents at beginning of period	276	311	279
Cash and cash equivalents at end of period	311	279	470

Comments

- Significantly reduced outflow from financing activities in 2012, mainly due to cash contribution from MHI in December 2012 (€334m)
- Increased repayment of financial liabilities contributing to deleveraging of Deutsche Annington

H1 2013 – Cash flow statement

Cash flow statement			Comments
(€m)	H1 2013	H1 2012	
Cash flow from/used in operating activities	152	217	<ul style="list-style-type: none"> 2012 number includes €38m of property sales from inventories
Cash flow from/used in investing activities	127	84	<ul style="list-style-type: none"> Shifting to sales of investment properties in 2013 which is driving the increase in cash flow
Cash flow from/used in financing activities	-526	-371	
Of which cash proceeds from DA SE shareholder	-	-	<ul style="list-style-type: none"> Restructuring of GRAND is the main driver of the financing activities cash flow
Net changes in cash and cash equivalents	-248	-71	
Cash and cash equivalents at beginning of period	470	279	
Cash and cash equivalents at end of period	222	208	

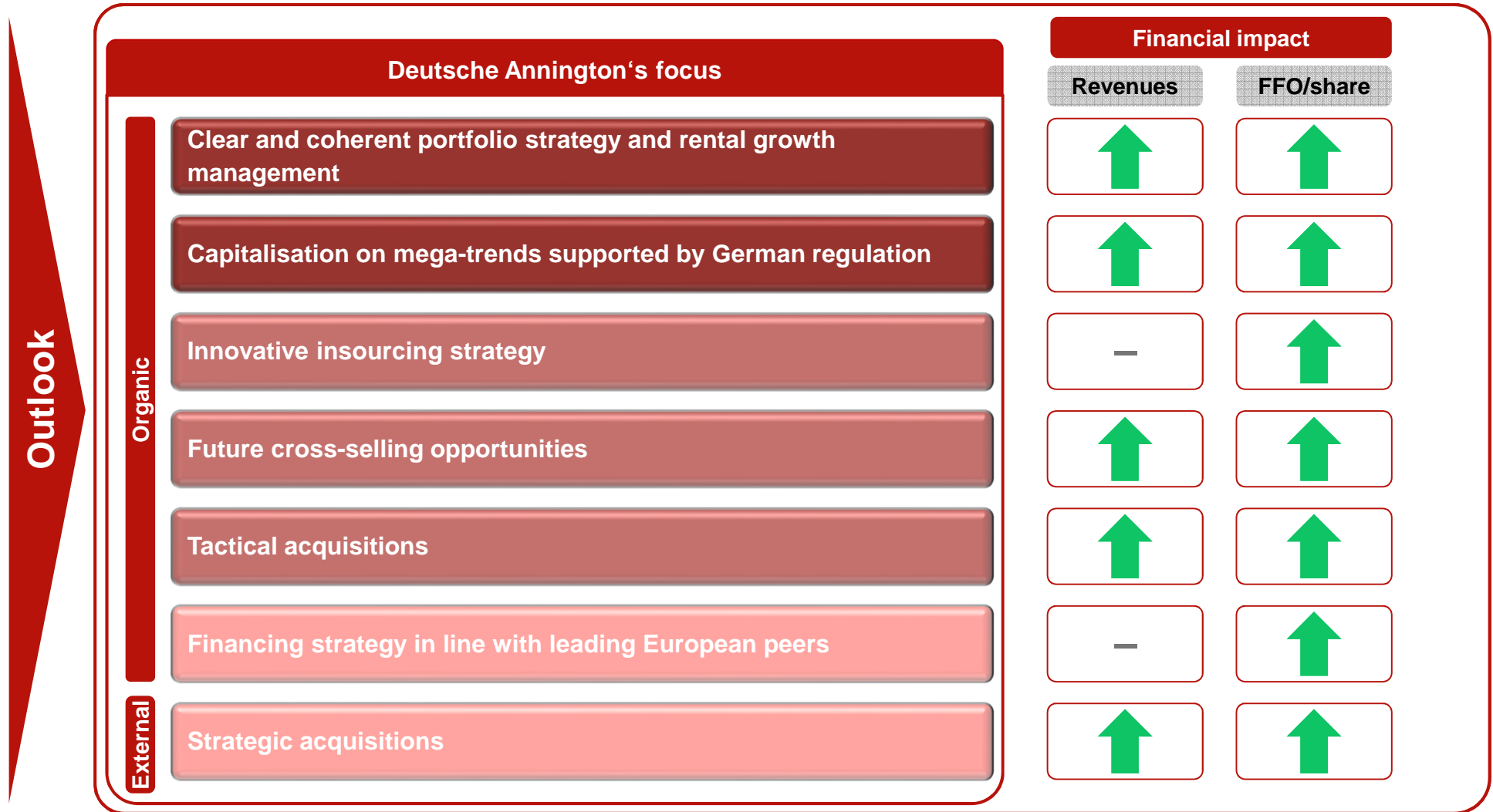
 **DEUTSCHE
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Schön, hier zu wohnen



Outlook

Strong operational and financial momentum expected to continue



Guidance until financial year end

KPI	Range
Rental growth	1.8 – 2.0 %
Modernisation volume from 2014 p.a.	€ 150 m
Planned disposals (privatisation)	2.3 k units
FFO 1 target	€ 210 – 220 m
Dividend policy	~70% of FFO 1

Deutsche Annington: Innovation leader based on a long-term vision, operational excellence and unique financing structure

A top European real estate play

Largest player in a highly stable asset class – German residential

Industrial-like process approach to operations designed for growth

Financing strategy in line with leading European peers

Built-in growth and enhanced profitability expected to drive FFO per share and NAV per share accretion

Entrepreneurial approach to a stable and low-risk asset class

Platform for consolidation

Contact

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<http://www.deutsche-annington.com>

Registered office: Düsseldorf , HRB 68115, court of registration: Düsseldorf

Executives: Rolf Buch, Klaus Freiberg, Dr. A. Stefan Kirsten

Head of Supervisory Board: Dr. Wulf H. Bernotat

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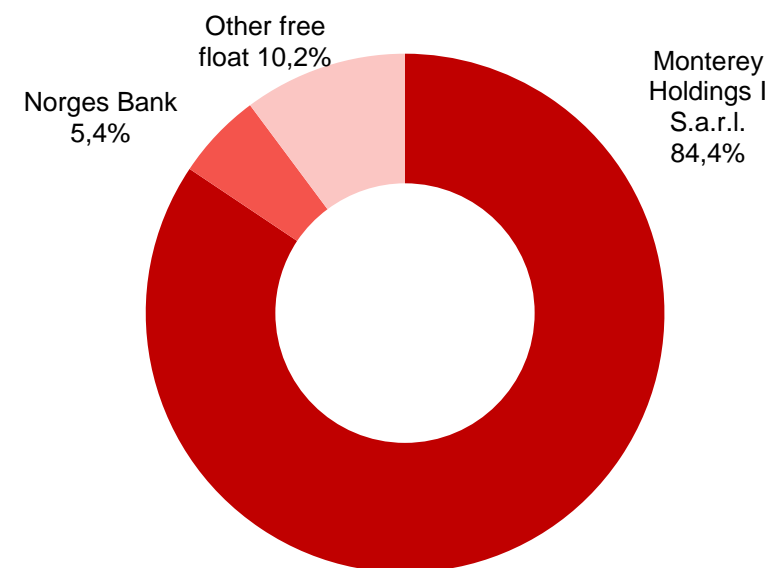
Appendix

Key share information

Key share information

First day of trading:	July 11, 2013
Issue price:	EUR 16.50
Total number of shares outstanding:	224,242,425
Issued share capital:	EUR 224,242,425
ISIN:	DE000A1ML7J1
WKN:	A1ML7J
Ticker symbol:	ANN
Common code:	94567408
Index Membership	SDAX ¹ , EPRA Indices
Type of shares:	Registered no-par value shares
Free float:	15.6% (incl. Norges Bank)
Stock exchange:	Frankfurt Stock Exchange

Current shareholder structure



¹ From 23 September 2013

Governance - Strong corporate governance set-up through new supervisory board structure

De-staggered Supervisory Board consisting of 9 members – 5 representatives of MHI and 4 independent members
The number of independent members is expected to increase to 5 as soon as Terra Firma's stake in DA falls below 50%
All subcommittees will be chaired by independent members

Independent members

Dr. Wulf Bernotat, 65

Chairman of Board

- Since Jun-13
- Managing Director of Bernotat & Cie.



Former experience

- CEO of E.ON

Dr. Edgar Ernst, 61

Chairman of Audit Committee

- Since Jun-13
- President of German FREP (Financial Reporting Enforcement Panel)



Former experience

- CFO of Deutsche Post DHL

Hildegard Müller, 45

Member

- Since Jun-13
- Chairwoman of German Association of Energy and Water Industries



Former experience

- Minister of State in the Federal Chancellery

Clara-Christina Streit, 44

Chairwoman of Finance Committee

- Since Jun-13
- Senior advisor to McKinsey & Co



Former experience

- Partner at McKinsey & Company

MHI representatives

Robert Nicolas Barr, 55

Deputy Chairman of Board

- Since Nov-09
- Operational managing officer of Terra Firma



Former experience

- Regional CFO Vodafone

Arjan Breure, 39

Member

- Since Dec-10
- Financial managing director of Terra Firma



Former experience

- Head of Asset Management at Citi Property Investors

Fraser Duncan, 53

Member

- Since Feb-01
- Business consultant



Former experience

- CFO Initial Shorrock

Dr. Klaus Rauscher, 64

Member

- Since Aug-08
- Business consultant



Former experience

- Member of Supervisory Board of ThyssenKrupp Technologies

Tim Pryce, 47

Member

- Since Jun-13
- CEO of Terra Firma



Former experience

- GE Capital

Governance - Management compensation aligned with shareholder objectives

The management team has invest c.1.5 times its gross base salary in shares of the company at offer price, with a holding period until the end of their respective terms in office at a minimum

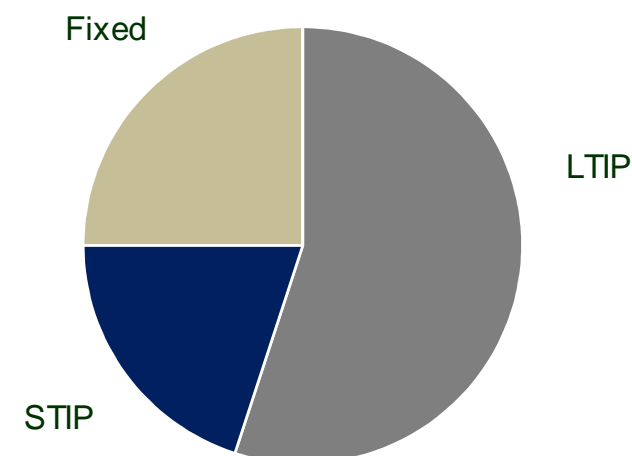
Short-term incentive plan (STIP)

- Bonus levels dependent on certain pre-agreed KPIs
- Targets annually set by Supervisory Board and capped
- Current targets based:
 - 40% on achievement of **AFFO** targets
 - 15% on **Adjusted EBITDA Sales** targets
 - 15% to **CSI** (customer satisfaction index) targets
 - 30% on **individual** targets

Long-term incentive plan (LTIP)

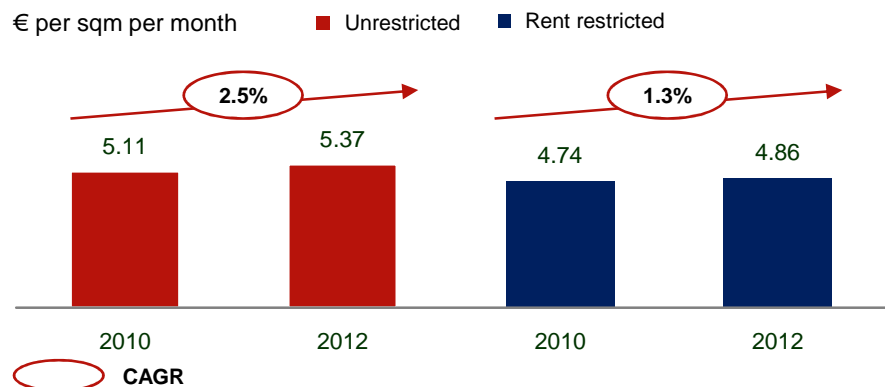
- 5-year plan with cliff vesting of 20% per calendar year
- Amount of shares received every year depends on pre-defined KPI targets:
 - 33% on **AFFO development** (vs. internal business plan)
 - 33% on **Total Shareholder's Return** (vs. average TSR of listed German peers – Deutsche Wohnen, GSW, LEG, GAGFAH and TAG)
 - 33% on **EPRA NAV per share growth** (vs. average NAV growth of listed German peers)

Illustrative split of management remuneration

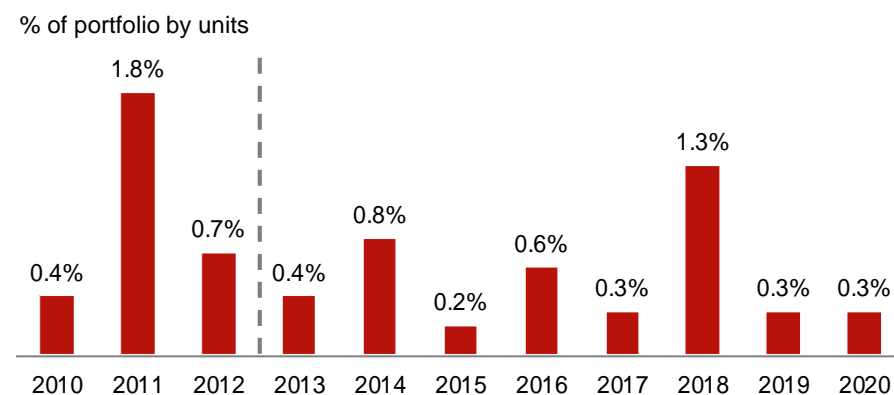


Operations – Restricted rents have only limited impact on rental performance

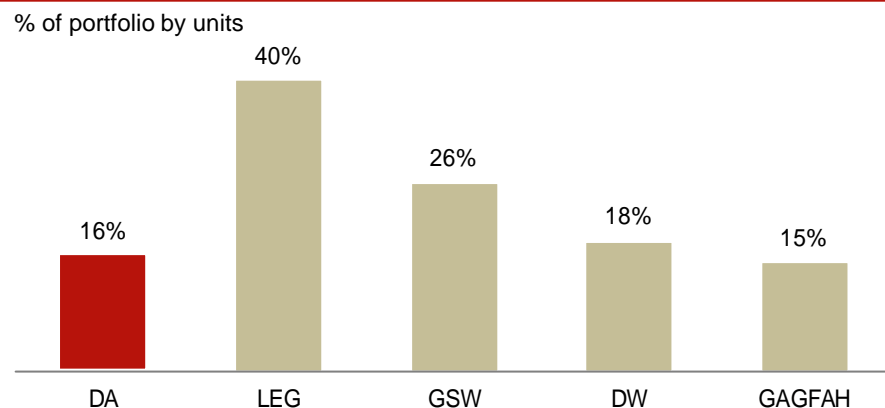
Split for rental growth (total portfolio)



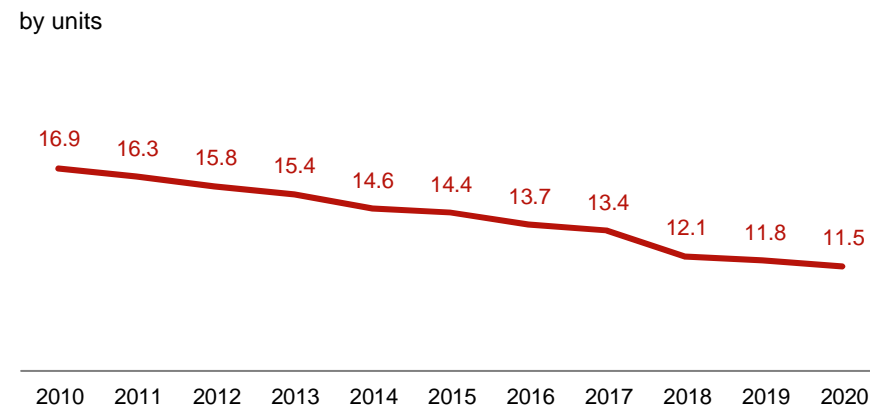
Maturity profile of rent-restricted units (total portfolio)



Portion of rent-restricted units (total portfolio)



% of portfolio rent-restricted



Source: Company Information. Q1 2013 for DA, 2012 data for peers, except for Deutsche Wohnen (estimated post acquisition of BauBeCon)