Deutsche Annington Immobilien SE

FY 2014 Results

March 5th, 2015

Rolf Buch, CEO

Dr. A. Stefan Kirsten, CFO

Promised and delivered – the 2014 Highlights

- **2014: Another strong year with KPIs at top end of guidance or exceeding**
  - Like-for-like rental growth of 2.5%
  - FFO1 increased 28.2% to € 286.6m
  - NAV/share plus 6.0% to € 24.22
  - Proposed dividend up 11.4% to € 0.78/share
- **Successful execution of main work streams**
  - Cost saving program leads to significant cost per unit decline of 9% to € 754
  - Strong rise of modernisation capex to € 172m
  - Acquisitions of DeWAG and Vitus are fully integrated with solid KPI contribution
- **Confirmed positive outlook for 2015 (Deutsche Annington stand-alone)**
- **GAGFAH transaction:**
  - Closing imminent
  - Governance structure established
  - Top teams at board and management level formed
  - Integration starting next week
  - First combined Q1 reporting on June 1st with detailed report on progress

The positive performance is driven by all strategic pillars

Reputation & customer satisfaction

Traditional

Innovative

1 Property management strategy

All KPIs improved, with striking
- Efficiency improvement gains
- Invest 2014 at more than € 29/m²

2 Financing strategy

- Maturity profile further smoothened
- (Perpetual) Hybrid Bond as innovative new tool introduced
- 2014 acquisition funding completed

3 Portfolio management strategy

- Sales step up 2014 at record level
- Full review of portfolio strategy completed, with update to come including GAGFAH in Q1 2015.

4 Extension strategy

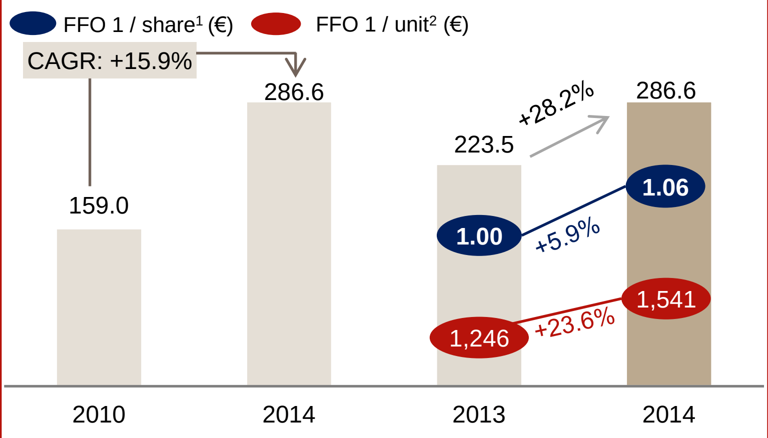
- TGS on track and still getting better
- Project pipeline full with promising pilot tests in the field

5 **Acquisition** strategy

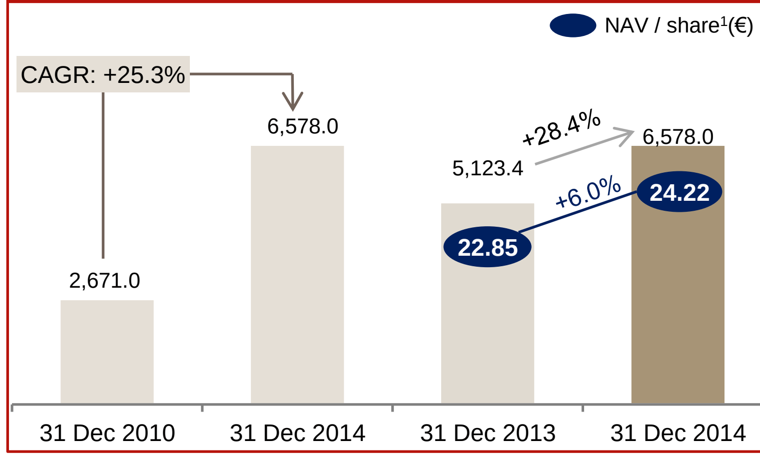
- 2014 acquisitions of DeWAG und Vitus fully integrated
- All systems successfully tested for smooth GAGFAH integration

Improvement of all KPIs in 2014
FFO 1/share +5.9%, NAV/share +6.0%

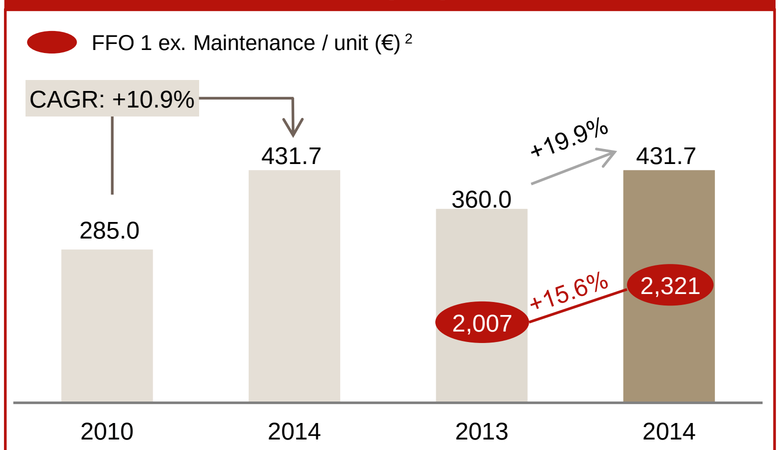
FFO 1 (€m)



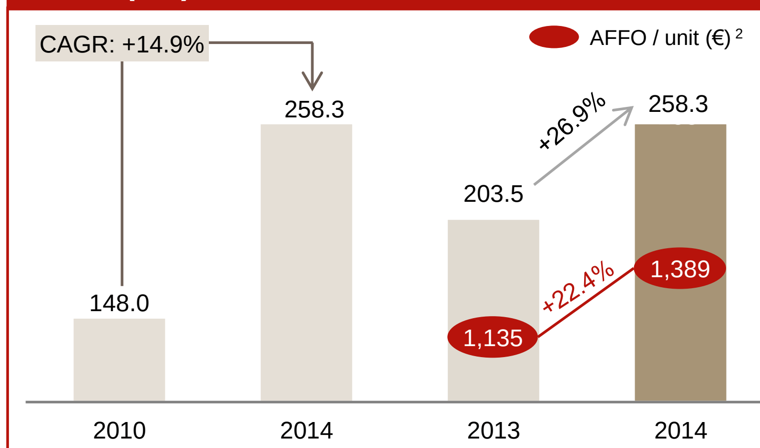
NAV (€m)



FFO 1 ex. maintenance (€m)



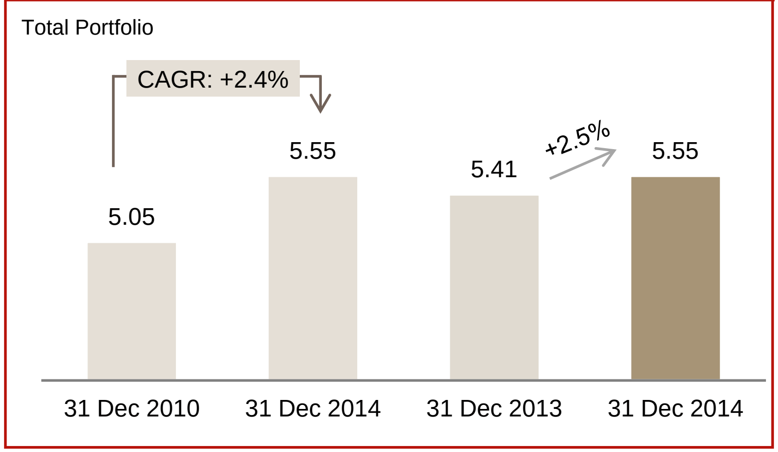
AFFO (€m)



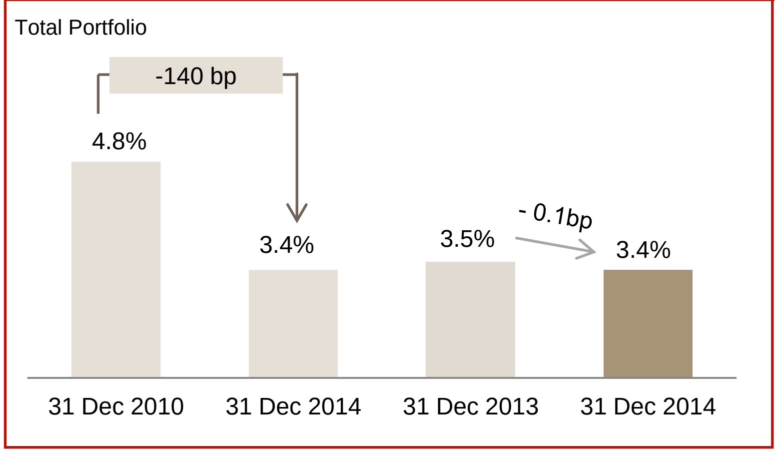
1) Based on number of shares as of 31 Dec 2013 (224.2 m) and 31 Dec 2014 (271.6 m)
2) Based on average number of units over the period

Improvement of all KPIs in 2014
Rents up 2.5%, vacancy down to 3.4%

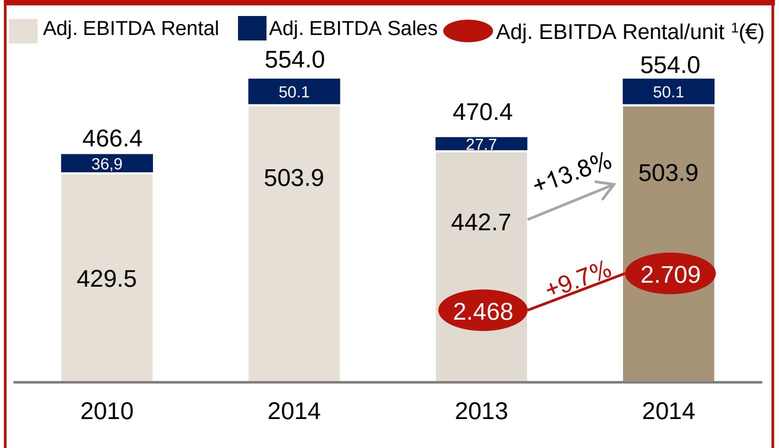
Residential in-place rent (l-f-l in €/sqm)



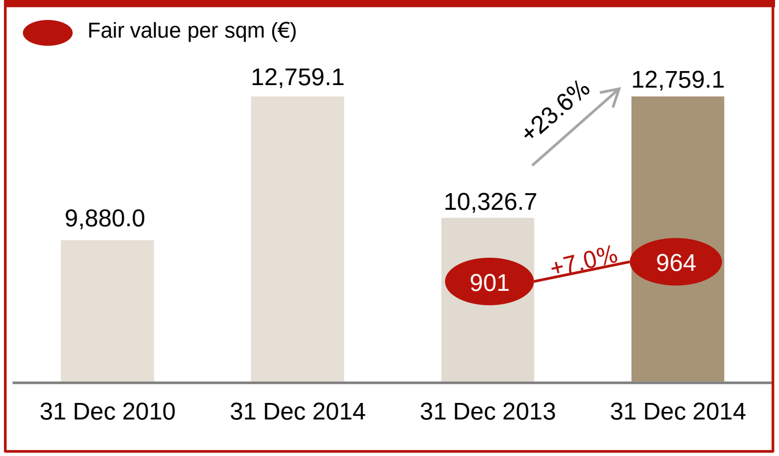
Vacancy rate



Adjusted EBITDA (€m)



Fair value (€m)

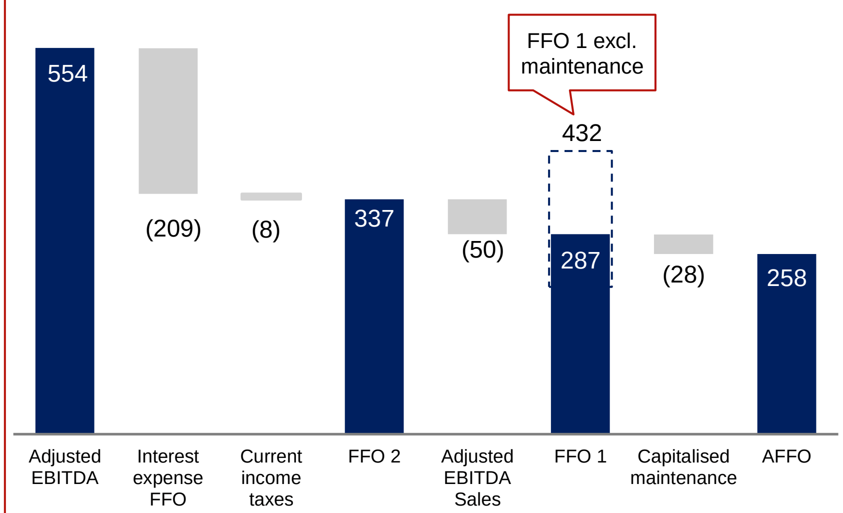


1) Based on average number of units over the period

FFO is significantly up in all categories

FFO evolution (€m)	2014	2013
Adjusted EBITDA	**554.0**	**470.4**
(-) Interest expense FFO	-209.3	-210.7
(-) Current income taxes	-8.0	-8.5
(=) FFO 2	**336.7**	**251.2**
(-) Adjusted EBITDA Sales	-50.1	-27.7
(=) FFO 1	286.6	223.5
(-) Capitalised maintenance	-28.3	-20.0
(=) AFFO	**258.3**	**203.5**
(+) Capitalised maintenance	28.3	20.0
(+) Expenses for maintenance	145.1	136.5
(=) FFO 1 excl. maintenance	**431.7**	**360.0**

FFO breakdown (€m)

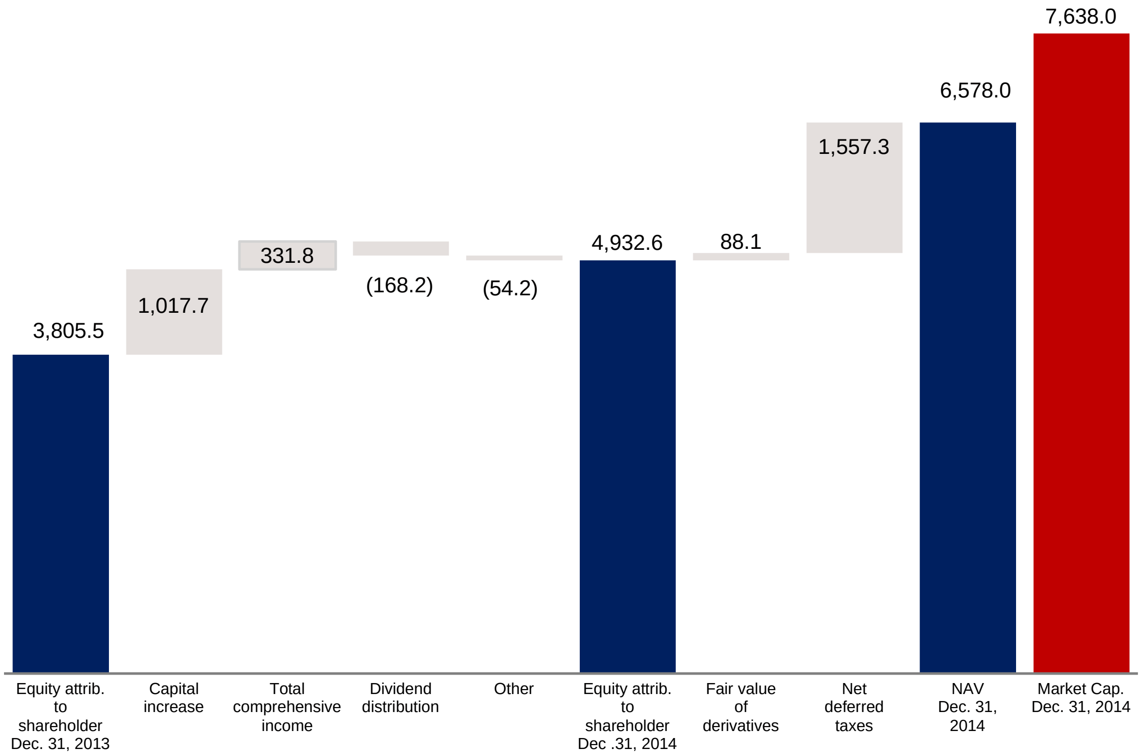


Comments

- All FFOs with significant positive development
- Top-line growth from rental increases and acquisition at a better cost basis power positive development
- Additionally, strong positive impact from privatisation

Steady NAV growth

NAV-bridge to Dec. 31, 2014 (€m)



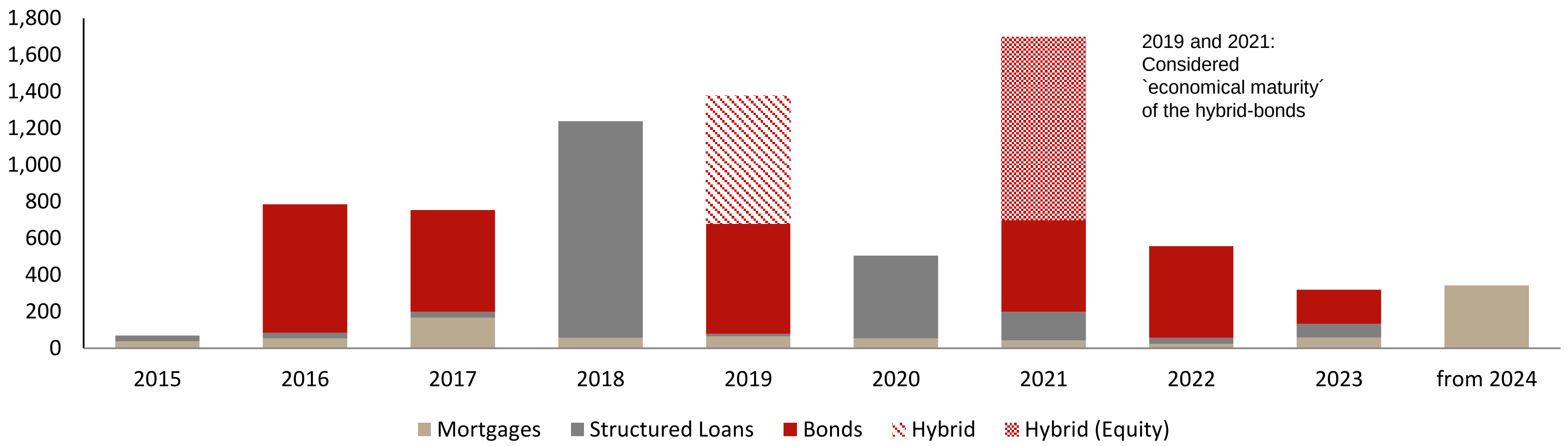
Note: Rounding errors may occur

Comments

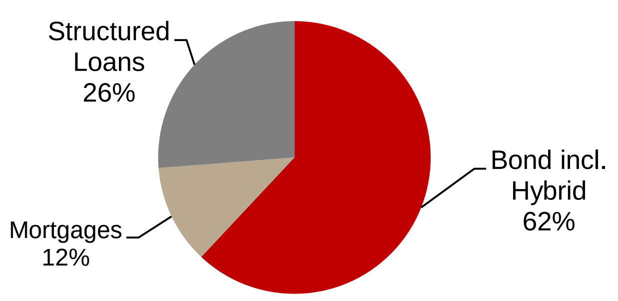
- Capital increase position is net of transaction costs
- Deferred tax calculation has been adjusted to comply with EPRA best practise recommendation – see appendix for details

Long-term and well-balanced maturity profile

Debt maturity profile as of Dec 31, 2014 (€ m)



Debt structure as of Dec 31, 2014



KPIs as of Dec 31, 2014

	Actual	Target
LTV (nominal)	**49.7%**	**<50%***
Unencumbered assets in %	**50%**	**≥ 50%**
Global ICR	**2.6x**	**Ongoing optimisation with most economical funding**
Financing cost	**3.2%**	

*medium term

2014 results at top end of guidance or exceeding

	Feb. 2014 Guidance	Sep. 2014* Guidance	2014 Results
L-f-l rental growth	2.3 – 2.6%	2.3 – 2.6%	2.5%
Modernisation program	€ 150m	€ 160m	€ 171.7m
Disposals (privatisation)	~1,800 units	2,100-2,200 units	2,238 units
Step-up on FMV (privatisation)	20%	30-35%	37.6%
FFO 1	€ 250 – 265m	€ 280 – 285m	€ 286.6m
Proposed dividend/share		€ 0.78	€ 0.78

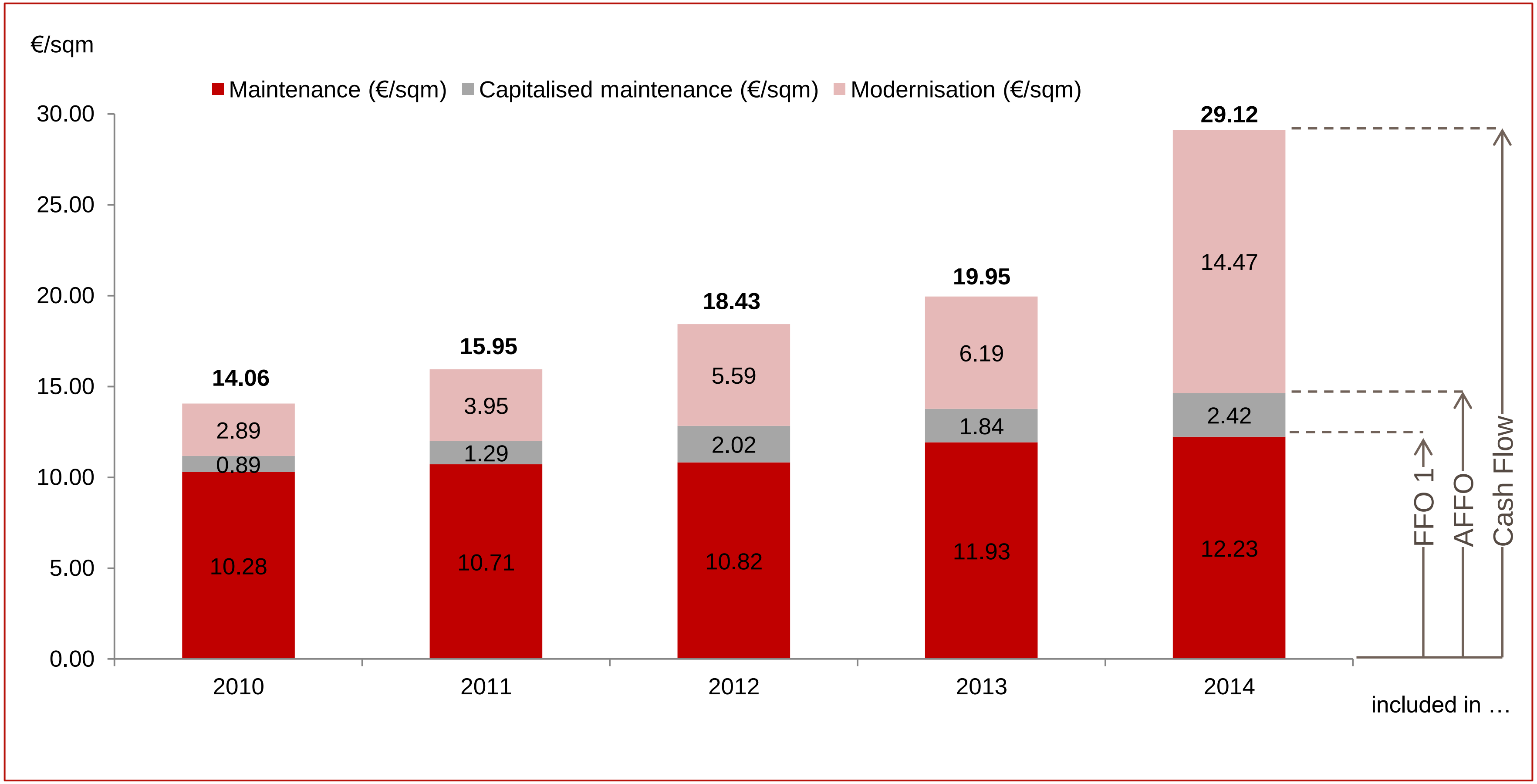
* Including pro-rata contribution of acquisitions, excluding disposal of Vitus NRW-Portfolio

Confirmed positive outlook for 2015
(Deutsche Annington without GAGFAH as of 1.1.2015)

	Results 2014	Outlook 2015 (DAIG stand alone)
l-f-l rental growth	2.5%	2.6 – 2.8%
Rental income	€ 789.3m	€ 880 – 900m
FFO 1	€ 286.6m	€ 340 – 360m
NAV/share[1)]	€ 24.22	€ 24 – 25
Modernisation program	€ 171.7m	> € 200m
Planned disposals (privatisation)	2,238 units	~1,600 units
Step up on FMV (privatisation)	37.6%	~30%
Dividend policy	78 cent/share	~70% of FFO1

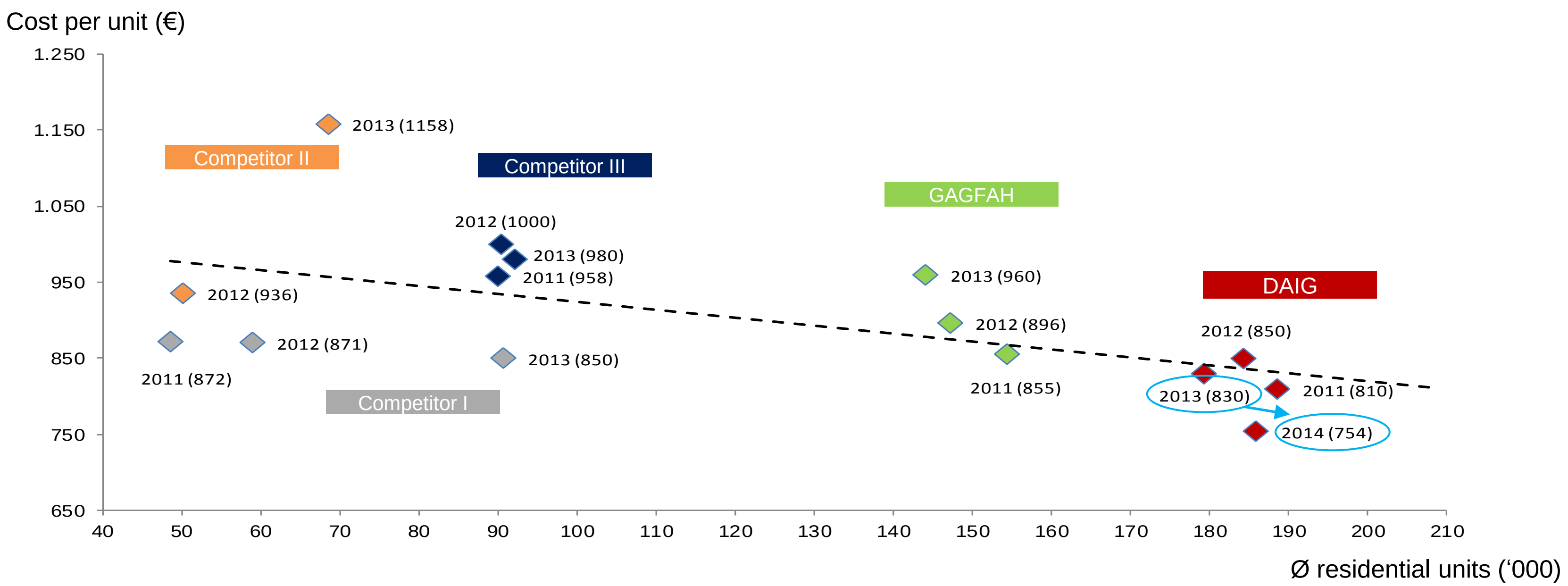
1)
- Includes adjustment of NAV calculation to more strictly reflect EPRA Best Practices Recommendations;
- NAV 2015 does not include any potential yield compression in year end fair value assessment;
- Based on existing capital structure

Substantial rise in maintenance guarantees the sustainability of our portfolio‘s rental growth capacity



Successful 2014 cost saving program leads to a significant cost per unit improvement

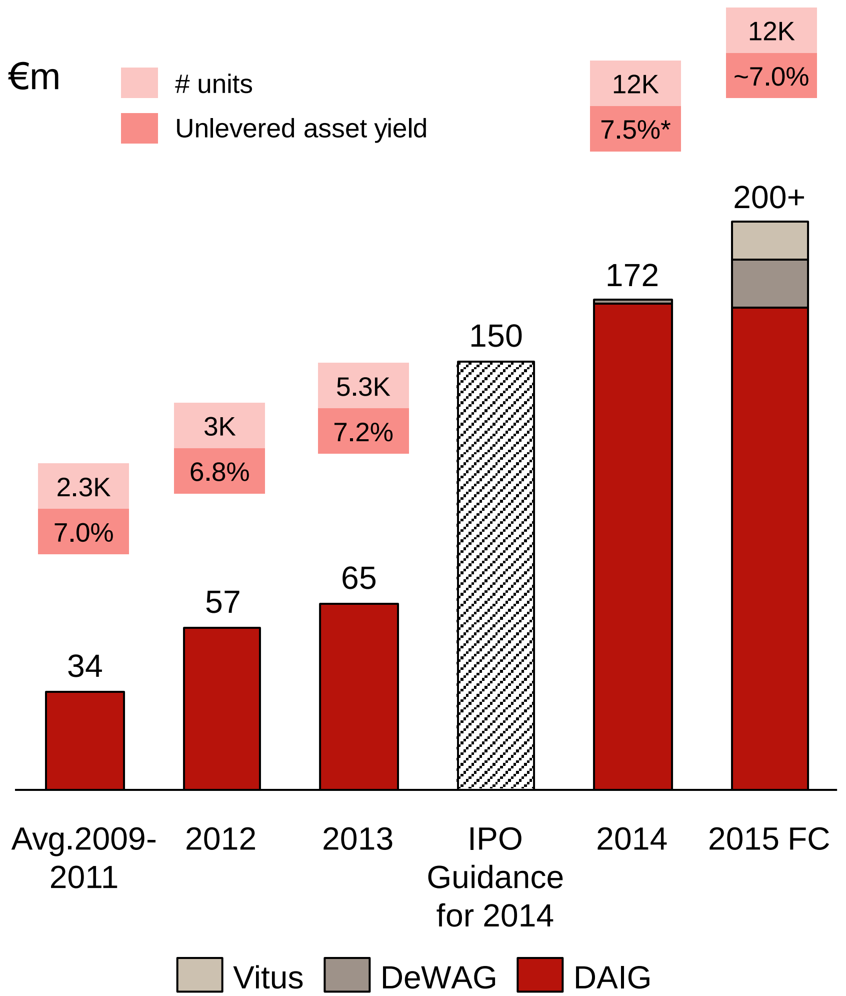
- Increased cost saving program lifts savings up to ~€ 76/unit (9% yoy improvement)
- Effect of acquisitions in 2014 minor, as units count pro rata, full effect from 2015 onwards



Definition: (Rental Income – EBITDA Rental adjusted + Maintenance) / average # units
Rental EBITDA adjusted to fit Deutsche Annington definition

Proven track record of the modernisation program
Promising start into the year 2015

Positive track record



*yield forecasted depending on new rents after modernisation

2014 substantially over-delivered & more to come

- Over-delivered on promise at IPO to substantially increase investments to ~€ 150m p.a.
- Expected 2015 investment volume: >€ 200m
- 2015 contains both a steady investment flow to Deutsche Annington legacy portfolio as well as significant investments in acquired portfolios
- Yield commitment (unlevered ~7%) and investment focus (energy & demographic change) remain unchanged
- Initial yield from the 2014 program at 7.5% for the apartments already let
- Preparations for all projects with construction start in Q1/2015 well advanced

Significant fair value step-up on privatisations and non-core disposals

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Privatisation

	FY 2013	FY 2014
# units sold	2,576	2,238
Gross proceeds (€m)	223.4	231.2
Fair value disposals (€m)	-178.8	-168.0
Gross profit (€m)	44.6	63.2
Fair value step-up	**24.9%**	**37.6%**
	Target > 20%	**Target 30-35%**

- Privatisation volume slightly below previous year, but above plan
- Fair value step-up increased due to good market environment and sales strength

Non-core disposals

	FY 2013	FY 2014
# units sold	4,144	1,843
Gross proceeds (€m)	130.1	56.1
Fair value disposals (€m)	-131.7	-50.6
Gross profit (€m)	-1.6	5.5
Fair value step-up	**-1.2%**	**10.9%**
	Target = 0%	**Target = 0%**

- Non-core disposals 2013 driven by sale of a portfolio of 2,100 units
- Disposals with a premium to fair value demonstrates sales strength

Successful start of the bathroom program

Status update

- Since initiation in August 2014, already ~400 projects have been executed
- Average investment of € 6.7k
- Fixed price agreed with TGS, while TGS suggests execution dates
- After start with first roadshow container in August 2014, a second container has been set in place in February 2015
- Y-t-d >350 tenants have already committed their interest for the 2015 program
- Customer satisfaction has significantly increased

More satisfied tenants with yields significantly above the standard modernisation measures

Smart-Submetering – the next promising pilot project

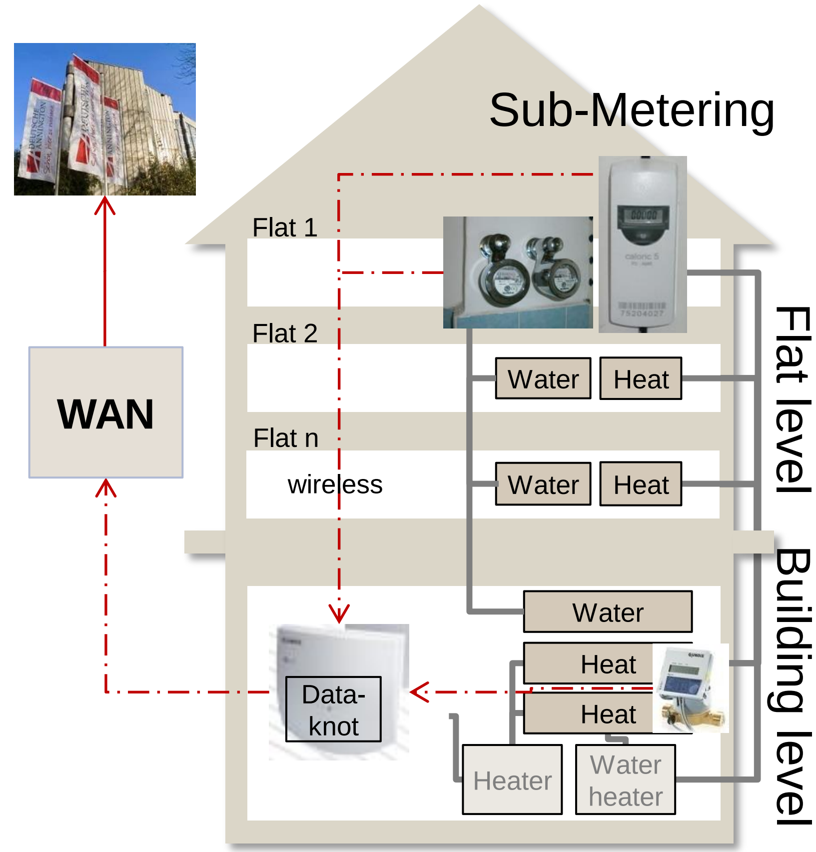
Smart-submetering - What´s it about?

- Consumption of heat and water has to be tracked (unit by unit). Currently, we have contracts with several service providers, delivering us data once a year
- We aim to replace the service provider and insource real-time metering by a Deutsche Annington subsidiary
- We are able to settle the utility bill every month or shortly after a tenant leaves
- It creates a win-win situation for tenants and Deutsche Annington (lower cost, better visibility, etc)

- First pilot in 1,000 flats in Bergkamen with 6,000 meters and 25 modems in place
- Technical feasibility is proven: consumption data measured manually and automatically are identical
- Business case on track, roll-out is now in detailed planning phase

Pilot implemented

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



We are screening the market for potential acquisitions, but with a very selective approach

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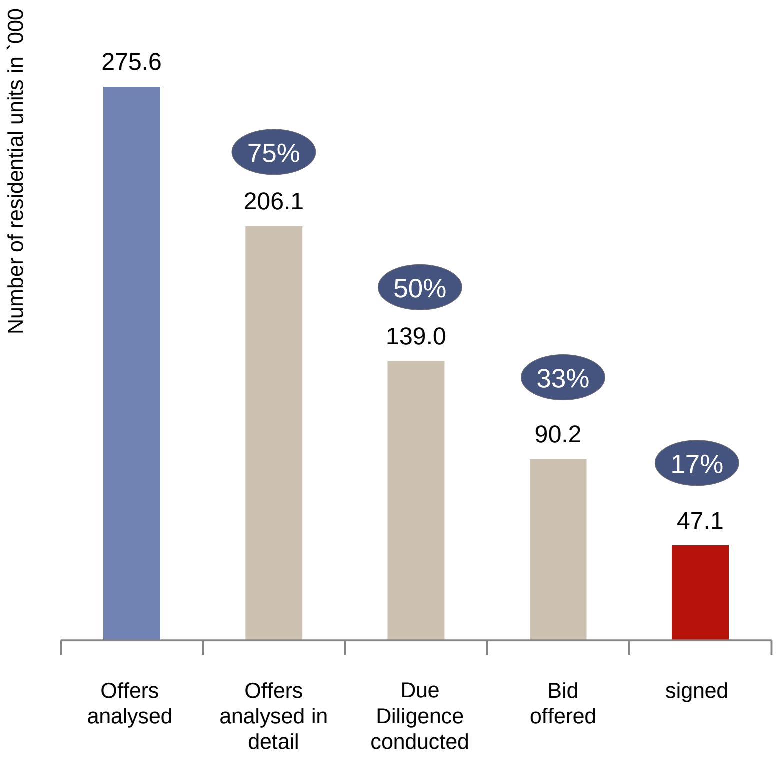
Acquisition Deal Pipeline since IPO (≥ 2k units)



If it comes to an acquisition, we are a highly appreciated and reliable partner

- We offer transaction security. If we sign, we close as well in a relatively short timeframe
- Best-in-class financing strategy with fast access to a comprehensive set of funding tools
- Our German-wide presence is a competitive advantage („You don‘t easily find portfolios of 5,000 units in one city“)
- We have a dedicated and well experienced internal M&A team
- Our processes are standardised and fast
- Our deal criteria are transparent

Every potential acquisition is monitored by a dedicated process, thus keeping us highly disciplined

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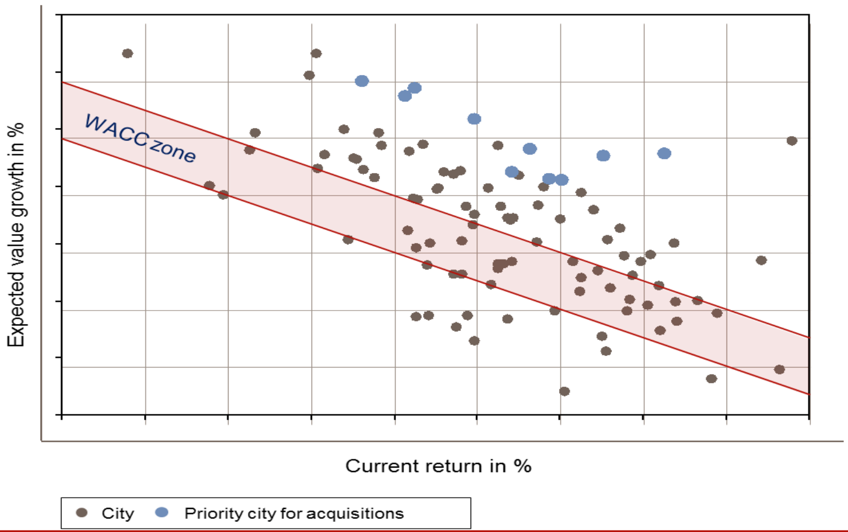
Deutsche Annington's portfolio management approach
(Deutsche Annington's analyses of Germany)



Acquisition Criteria

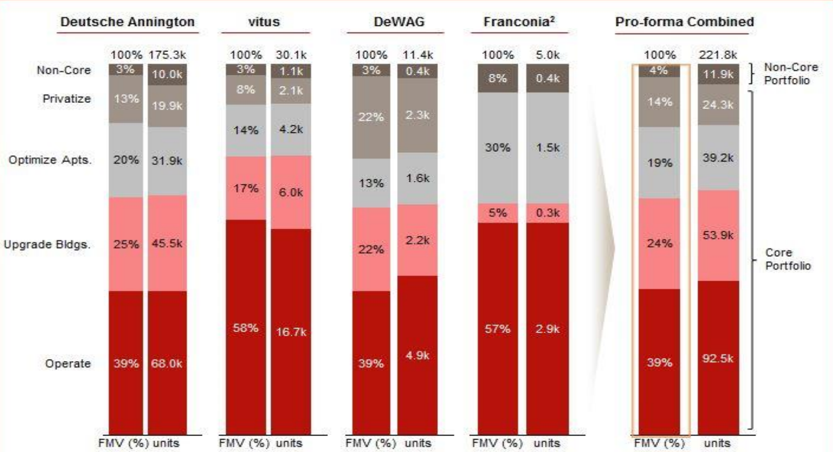
+ Strategic fit
- Scale benefits, geographical diversification and strengthening footprint in growth regions, increase of asset density, etc.

+ FFO / share
- Accretive

≥ NAV / share
- At least neutral

✓ BBB+ Rating (stable)
- Maintaining rating

Pro-Forma Portfolio Segmentation



- Our return matrix and portfolio segmentation are powerful tools to make an early decision about the strategic fit of an offered portfolio
- The "cage" keeps us highly disciplined and prevents us from overpaying - a high risk in current markets

We are well prepared for the GAGFAH integration

We are well prepared…	**…to go the extra mile, fast.**
▪ 2014 acquisitions of DeWAG and Vitus are fully integrated and financed – smooth and faster than planned ▪ Systems and processes are accessed and now suitable for any integration ▪ Hence, everything needed for the integration and funding of GAGFAH has been successfully tested ▪ We have already achieved the first important milestones of the GAGFAH transaction: ➢ Board and senior management team selected ➢ Financing structure kicked-off with perpetual hybrid bond issuance in December 2014	▪ Next Steps 2015 ➢ Start of integration ➢ Assimilation of IT-structure ➢ Segmentation of combined portfolio ➢ Execution of funding strategy ➢ Achievement of first synergy targets ▪ Upcoming dates 2015 ➢ April 30th : AGM ➢ June 1st : Combined Q1 Results with detailed update ➢ June 15th & 16th : Capital Markets Day ➢ August 19th : Combined H1 results ▪ 2016 Outlook ➢ Last mile on synergies

Summary

- **Promised and delivered: 2014 was an outstanding year for Deutsche Annington**
  - Excellent operational performance continued leading to all major KPIs at or above guidance
  - Innovative finance structure demonstrated by first hybrid issuance in German residential

- **We strictly follow our strategy**
  - Value enhancing portfolio management
  - Sustainable efficiency improvement
  - Recent transactions fulfilling our strict criteria and offering operational scale effects

- **We are ready to go: 2015 will be another positively exciting year**

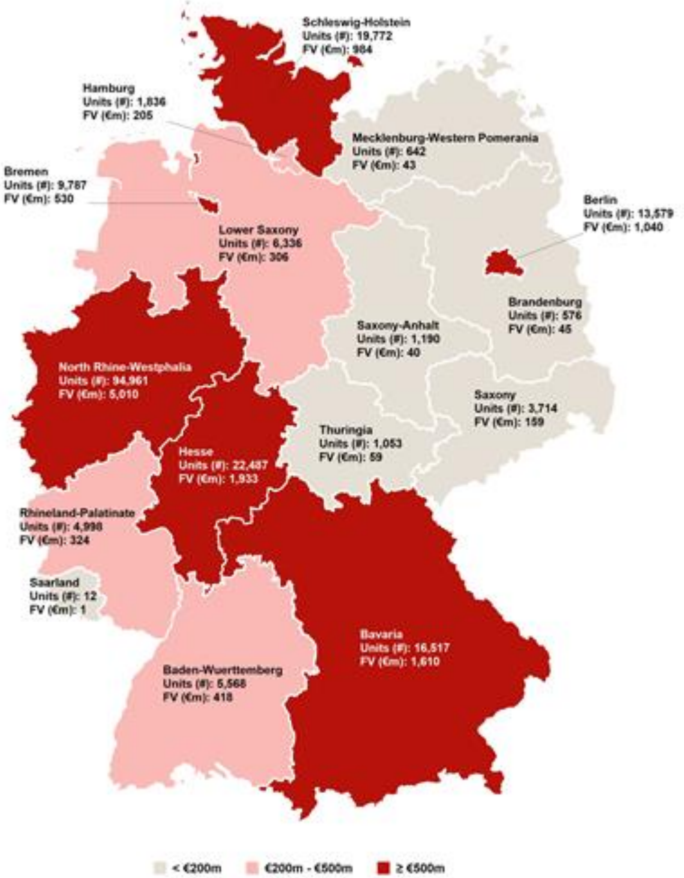
Appendix

Portfolio review leads to a slightly adjusted segmention

Portfolio segmentation[1)]

Core 97%	**Rental Only (86%)**		
	Operational value generation through ▪ Rental growth ▪ Vacancy reduction ▪ Effective and sustainable maintenance spend ▪ Cost efficiency through scale	**I. Operate** • No need for larger action in the next few years	**YE 13: 39%** **YE 14: 42%**
	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. € 160m of investments since 2010 at 7% unlevered yield on average	**II. Upgrade Buildings** • Energy efficiency upgrades • € 500m of opportunities identified	**YE 13: 25%** **YE 14: 26%**
		III. Optimise Apartments • Invest in apartments for senior living and high standard flats in strong markets • € 300m of opportunities identified	**YE 13: 20%** **YE 14: 18%**
	Additional value creation through retail sales ▪ Total of 21k apartments prepared ▪ Track record of selling >20% above fair value	**IV. Privatise** • Sell opportunistically if sufficient value premium is offered	**YE 13: 13%** **YE 14: 12%**
Non-core 3%	▪ Insufficient medium- to long-term growth prospects	**V. Non-core** • Sell around fair value	**YE 13: 3%** **YE 14: 3%**

Portfolio distribution



1) Note: Percentage figures denote share of total fair value, as of 31 December 2014 and 31 December 2013

FY 2014 key figures

Key Figures

in €m	2014	2013	Change in (%)
Residential units k	203,028	175,258	15.8
Rental income	789.3	728.0	8.4
Vacancy rate %	3.4	3.5	-0.1 pp
Monthly in-place rent€/sqm (like-for-like)	5.55	5.40	2.5
Adjusted EBITDA Rental	503.9	442.7	13.8
Adj. EBITDA Rental/unit in €	2,709	2,468	9.7
Income from disposal of properties	287.3	353.5	-18.7
Adjusted EBITDA Sales	50.1	27.7	80.9
Adjusted EBITDA	554.0	470.4	17.8
FFO 1	286.6	223.5	28.2
FFO 2	336.7	251.2	34.0
FFO 1 before maintenance	431.7	360.0	19.9
AFFO	258.3	203.5	26.9
Fair value market properties	12,759.1	10,326.7	23.6
NAV	6,578.0	5,123.4	28.4
LTV, in%	49.7	49.0	1.4
FFO 1 / share in €[1]	1.06	1.00	5.9
NAV / share in €[1]	24.22	22.85	6.0

1) Based on the shares qualifying for a dividend on the reporting date Dec 31, 2013: 240,242,425 and Dec 31, 2014: 271,622,425

Like-for-like rental growth in 2014 accelerated to 2.5% (2013 = 1.9%)

Rent increase type	L-f-l rental growth 2014
Sitting tenants (non-subsidised)	+0.8%
Sitting tenants (subsidised)	+0.3%
New rentals	+0.5%
Subtotal excl. modernisation	**+1.6%**
Sales effect	+0.0%
Total incl. Sales	**+1.6%**
Modernisation	+0.9%
Total incl. Mod and Sales	**+2.5%**

Rounded figures

FY 2014: Strong growth in adjusted EBITDA rental and adjusted EBITDA sales

Bridge to Adjusted EBITDA

(€m)	2014	2013
Profit for the period	**409.7**	**484.2**
Net interest result	274.9	288.3
Income taxes	179.4	205.4
Depreciation	7.4	6.8
Net income from fair value adjustments of investment properties	-371.1	-553.7
EBITDA IFRS	**500.3**	**431.0**
Non-recurring items	54.0	48.4
Period adjustments	-0.3	-9.0
Adjusted EBITDA	**554.0**	**470.4**
Adjusted EBITDA Rental	**503.9**	**442.7**
Adjusted EBITDA Sales	**50.1**	**27.7**

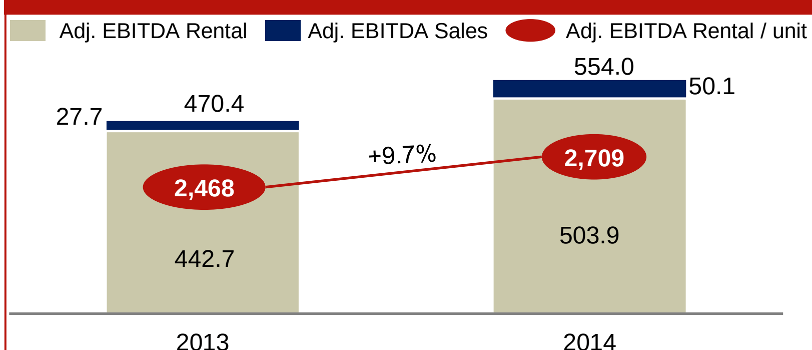
Rental segment

(€m)	2014	2013
Average number of units over the period	*186,013*	*179,354*
Rental income	789.3	728.0
Maintenance	-145.1	-136.5
Operating costs	-140.3	-148.8
Adjusted EBITDA Rental	**503.9**	**442.7**

Sales segment

(€m)	2014	2013
Number of units sold	*4,081*	*6,720*
Income from disposal of properties	**287.3**	**353.5**
Carrying amount of properties sold	-243.4	-325.8
Revaluation of assets held for sale	25.1	24.3
Profit on disposal of properties (IFRS)	**69.0**	**52.0**
Revaluation (realised) of assets held for sale	-18.6	-15.3
Revaluation from disposal of assets held for sale	24.8	15.3
Adjusted Profit from disposal of properies	**68.7**	**27.7**
Selling costs	-18.6	-15.3
Adjusted EBITDA Sales	**50.1**	**27.7**

Evolution of Adjusted EBITDA (€m)



- Very solid EBITDA development driven by both rental und sales business
- The sales result reflects just a very strong performance – doubled results at lower number of units sold.
- The rental EBITDA is affected by the contribution from acquisitions, underlined by a strong performance.

FY 2014: P&L development

P&L

(€m)	2014	2013	Change (€m)	Change %
Income from property letting	**1,138.4**	**1,048.3**	**90.1**	**8.6**
Rental income	**789.3**	**728.0**	**61.3**	**8.4**
Ancillary costs	**349.1**	**320.3**	**28.8**	**9.0**
Other income from property management	18.2	19.3	-1.1	-5.7
Income from property management	**1,156.6**	**1,067.6**	**89.0**	**8.3**
Income from sale of properties	**287.3**	**353.5**	**-66.2**	**-18.7**
Carrying amount of properties sold	-243.4	-325.8	82.4	-25.3
Revaluation of assets held for sale	25.1	24.3	0.8	3.3
Profit on disposal of properties	**69.0**	**52.0**	**17.0**	**32.7**
Net income from fair value adjustments of investment properties	371.1	553.7	-182.6	-33.0
Capitalised internal modernisation expenses	85.6	42.0	43.6	103.8
Cost of materials	**-542.6**	**-502.8**	**-39.8**	**7.9**
Expenses for ancillary costs	-344.4	-324.9	-19.5	6.0
Expenses for maintenance	-141.0	-119.7	-21.3	17.8
Other costs of purchased goods and services	-57.2	-58.2	1.0	-1.7
Personnel expenses	**-184.6**	**-172.1**	**-12.5**	**7.3**
Depreciation and amortisation	**-7.4**	**-6.8**	**-0.6**	**8.8**
Other operating income	**65.3**	**45.8**	**19.5**	**42.6**
Other operating expenses	**-152.4**	**-104.2**	**-48.2**	**46.3**
Financial income	**8.8**	**14.0**	**-5.2**	**-37.1**
Financial expenses	**-280.3**	**-299.6**	**19.3**	**-6.4**
Profit before tax	**589.1**	**689.6**	**-100.5**	**-14.6**
Income tax	**-179.4**	**-205.4**	**26.0**	**-12.7**
Current income tax	-8.0	-8.5	0.5	-5.9
Other (incl. deferred tax)	-171.4	-196.9	25.5	-13.0
Profit for the period	**409.7**	**484.2**	**-74.5**	**-15.4**

Comments

- Increase primarily driven by DeWAG and Vitus acquisition which accounted for € 65.6m in 2014
- Excluding acquisition effects, rental income remains relatively stable as sales effects are largely offset by higher Ø residential in-place rent per sqm and month (€ 5.55 vs. € 5.41) and lower vacancy rate

- Increase primarily driven by DeWAG and Vitus acquisitions which accounts for € 25.2m in 2014
- Excluding acquisition effects, income from ancillary cost increased by € 3.6m as the improved vacancy rate overcompensates reduced portfolio size

- More stringent profitability standards resulted in a significant reduction of units sold.
- However, this effect is more than offset by the positive market environment which results in higher sales prices and corresponding in higher fair value step-ups for properties sold.

- Result in 2014 is primarily due to yield compression effects, expiration of rent-restrictions and modernisation programme.

- Increase driven by capitalised services rendered by internal craftsmen organisation

- Increase reflects increasing portfolio size from latest acquisitions partly compensated by insourcing effects of our own caretaker organisation

- Increase primarily driven by higher expenses per sqm from € 11.93 in 2013 to € 12.23m combined with increased portfolio size

FY 2014: P&L development (cont'd)

P&L

(€m)	2014	2013	Change (€m)	Change %
Income from property letting	**1,138.4**	**1,048.3**	**90.1**	**8.6**
Rental income	**789.3**	**728.0**	**61.3**	**8.4**
Ancillary costs	**349.1**	**320.3**	**28.8**	**9.0**
Other income from property management	18.2	19.3	-1.1	-5.7
Income from property management	**1,156.6**	**1,067.6**	**89.0**	**8.3**
Income from sale of properties	**287.3**	**353.5**	**-66.2**	**-18.7**
Carrying amount of properties sold	-243.4	-325.8	82.4	-25.3
Revaluation of assets held for sale	25.1	24.3	0.8	3.3
Profit on disposal of properties	**69.0**	**52.0**	**17.0**	**32.7**
Net income from fair value adjustments of investment properties	371.1	553.7	-182.6	-33.0
Capitalised internal modernisation expenses	85.6	42.0	43.6	103.8
Cost of materials	**-542.6**	**-502.8**	**-39.8**	**7.9**
Expenses for ancillary costs	-344.4	-324.9	-19.5	6.0
Expenses for maintenance	-141.0	-119.7	-21.3	17.8
Other costs of purchased goods and services	-57.2	-58.2	1.0	-1.7
Personnel expenses	**-184.6**	**-172.1**	**-12.5**	**7.3**
Depreciation and amortisation	**-7.4**	**-6.8**	**-0.6**	**8.8**
Other operating income	**65.3**	**45.8**	**19.5**	**42.6**
Other operating expenses	**-152.4**	**-104.2**	**-48.2**	**46.3**
Financial income	**8.8**	**14.0**	**-5.2**	**-37.1**
Financial expenses	**-280.3**	**-299.6**	**19.3**	**-6.4**
Profit before tax	**589.1**	**689.6**	**-100.5**	**-14.6**
Income tax	**-179.4**	**-205.4**	**26.0**	**-12.7**
Current income tax	-8.0	-8.5	0.5	-5.9
Other (incl. deferred tax)	-171.4	-196.9	25.5	-13.0
Profit for the period	**409.7**	**484.2**	**-74.5**	**-15.4**

Comments

- Ramp-up of personnel from 2,935 to 3,850 employees leads to increased personnel expenses, primarily driven by the insourcing initiative of caretakers and craftsmen as well as latest acquisitions.
- Ongoing personnel cost per FTE decline as a significant share of new employees relates to our craftsmen or caretaker organisation

- Increase results from reimbursement of transaction and integration costs related to the sale of the Leopard-Portfolio (€16m) and insurance payments from a storm in the second quarter of 2014.

- Increase mainly driven by consultants' and auditors' fees for DeWAG and Vitus acquisitions as well as provisions related to the Gagfah takeover.

- Substantial decrease due to lower interest rates and an improved financing structure

- Reduction by decreasing income from fair value adjustments of investment properties

FY 2014: Balance sheet evolution

Overview

(€m)	Dec. 31, 2014	Dec. 31, 2013
Investment properties	12,687.2	10,266.4
Other non-current assets	292.8	86.2
Total non-current assets	**12,980.0**	**10,352.6**
Cash and cash equivalents	1,564.8	547.8
Other financial assets	2.0	2.1
Other current assets	212.4	190.3
Total current assets	**1,779.2**	**740.2**
Total assets	**14,759.2**	**11,092.8**
Total equity attributable to DA shareholders	4,932.6	3,805.5
Equity attributable to hybrid capital investors	1,001.6	-
Non-controlling interests	28.0	12.5
Total equity	**5,962.2**	**3,818.0**
Provisions	422.1	342.6
Trade payables	1.0	0.3
Non derivative financial liabilities	6,539.5	5,396.0
Derivative financial liabilities	54.5	69.4
Liabilities from finance leases	88.1	87.6
Liabilities to non-controlling interests	46.3	0.0
Other liabilities	8.6	9.8
Deferred tax liabilities	1,132.8	925.0
Total non-current liabilities	**8,292.9**	**6,830.7**
Provisions	211.3	148.6
Trade payables	51.5	47.6
Non derivative financial liabilities	125.3	198.8
Derivative financial liabilities	21.9	9.0
Liabilities from finance leases	4.4	4.3
Liabilities to non-controlling interests	7.5	0.0
Other liabilities	82.2	35.8
Total current liabilities	**504.1**	**444.1**
Total liabilities	**8,797.0**	**7,274.8**
Total equity and liabilities	**14,759.2**	**11,092.8**

Comments

- Increase driven by acquisition of DeWAG (€1,066.3m), Vitus (€ 994.7m) as well as valuation gains (based on DCF method) of € 371.1m

- December hybrid issuance has caused increased cash position

- Up due to the three capital increases of € 1,024m, as well as profit for the period of € 401.4m;
- Counter effect: pay-out of dividend of € 168.2m

- Hybrid bond issued in December 2014, considered as equity under IFRS

- New MTNs of €1,200m issued in 2014
- First consolidation of DeWAG and Vitus liabilities of € 741.0m
- Redemption of € 1,051.1m

- Increase in line with valuation gains from investment properties

Overview of DAIG modernisation and maintenance split

Maintenance and modernisation (€m)

	2014	2013
Maintenance expenses	145.1	136.5
Capitalised maintenance	28.7	21.1
Modernisation work	171.7	70.8
Total cost of modernisation and maintenance	**345.5**	**228.4**
Thereof sales of own craftsmen`s organisation	176.6	123.8
Thereof bought-in services	168.9	104.6
Modernisation and maintenance / sqm [€]	29.12	19.95

Comments

- In 2014, we more than doubled our modernisation expenditures for the energetic and vacant flats programs
- Compared to 2013, revenues of services rendered in-house increased significantly due to successful implementation of our craftsmen organisation
- Overall scope of modernisation & maintenance work required additional bought-in services
- The increase in mod & maint. / sqm mainly reflects the strong modernisation activities in 2014

Change in deferred tax recognition according to EPRA

- Referring to the EPRA „Best Practices Recommendations“, equity effects caused by deferred taxes should be excluded in the EPRA NAV calculation if they are not expected to crystallise in normal circumstances. Usually, this should be the case for deferred taxes on property valuation surpluses.
- Historically DAIG used a **simplified** approach to fulfil this requirement. Not only the deferred taxes on properties but the total **net** of deferred tax liabilities and deferred tax assets were recognised and added to the shareholders equity.
- For FY 2014, DAIG has changed its recognition of deferred taxes to deferred taxes on property valuation surpluses (and on financial derivatives) only, with the following effect:

NAV Reconciliation	2013		2014	
€m	old definition	new definition	old definition	new definition
DAIG Equity	3,805.5	3,805.5	4,932.6	4,932.6
Deferred tax on investment properties and assets held for sale	1,276.6	1,276.6	1,581.0	1,581.0
Fair value of derivatives	54.7	56.3	87.9	88.1
Deferred tax on derivatives	-15.0	-15.0	-23.7	-23.7
Other deferred tax	-339.6		-439.5	
NAV	**4,782.2**	**5,123.4**	**6,138.3**	**6,578.0**

Rent increase and vacancy reduction in the portfolio is on track

DEUTSCHE ANNINGTON

DA Residential Portfolio Dec. 31, 2014								
	Units		**Area**	**Vacancy**		**In-Place Rent**		**Rent l-f-l***
Portfolio Segment	*#*	*%*	*(´000 sqm)*	*%*	*Y-o-Y in %*	*€m*	*€/sqm*	*Y-o-Y in %*
Operate	86,325	45	5,418	2.9	-0.1	351.2	5.56	1.8
Upgrade	51,901	25	3,259	2.7	-0.1	211.2	5.55	3.2
Optimise	34,320	12	2,175	2.7	0.6	152.9	6.03	3.7
Rental only	**172,546**	**82**	**10,852**	**2.8**	**0.0**	**715.3**	**5.65**	**2.7**
Privatise	21,530	12	1,466	4.6	-0.3	91.8	5.46	1.8
Non-Core	8,952	6	570	11.8	2.1	25.8	4.30	1.1
TOTAL	**203,028**	**100**	**12,888**	**3.4**	**-0.1**	**832.9**	**5.58**	**2.5**

* without DeWAG and Vitus

Rating and Bonds

- **Corporate investment grade rating**

Rating agency	Rating	Outlook	Outlook Date
Standard & Poor's	BBB	Watch POS	1 Dec 2014

- **Bond ratings**

3 years 2.125% Euro Bond	€ 700m	99.793%	2.125%	25 Jul 2016	BBB**
6 years 3.125% Eurobond	€ 600m	99.935%	3.125%	25 Jul 2019	BBB**
4 years 3.200% Yankee Bond	USD 750m	100.000%	3.200% (2.970%)*	2 Oct 2017	BBB**
10 years 5.000% Yankee Bond	USD 250m	98.993%	5.000 % (4.580%)*	2 Oct 2023	BBB**
8 years 3.625% EMTN	€ 500m	99.843%	3.625%	8 Oct 2021	BBB**
8 years 2.125% EMTN	€ 500m	99.412%	2.125%	9 Jul 2022	BBB**
60 years 4.625% Hybrid	€ 700m	99.782%	4.625%	8 Apr 2074	BB+**
pp 4.000% Hybrid	€ 1,000m	100.000%	4.000%	perpetual	BBB-***

* EUR-equivalent re-offer yield
** on credit w atch w ith positive oulook
*** preliminary rating

IR Contact & Financial Calendar

Contact	Financial Calendar 2015	

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Financial Calendar 2015

Jan 12-13	Commerzbank German Investment Seminar, New York
Jan 14	JP Morgan European Real Estate Conference, London
Jan 21	Kepler Cheuvreux German Corporate Conference, Frankfurt
Mar 5	Annual Report 2014
Mar 9/10	Roadshow, London
Mar 19	HSBC Real Estate Conference, Frankfurt
Mar 26	BoAML European Real Estate Conference, London
Mar 27	Commerzbank German Residential Property Forum, London
Apr 30	Annual General Meeting
Jun 01	Intermin Report Q1 2015
Aug 19	Interim Report H1 2015
Nov 3	Interim Report Q3 2015

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