

Deutsche Annington Immobilien SE

Societe Generale 9th Pan-European Real Estate Conference
London, 1st October 2014

Thomas Eisenlohr, Head of Investor Relations

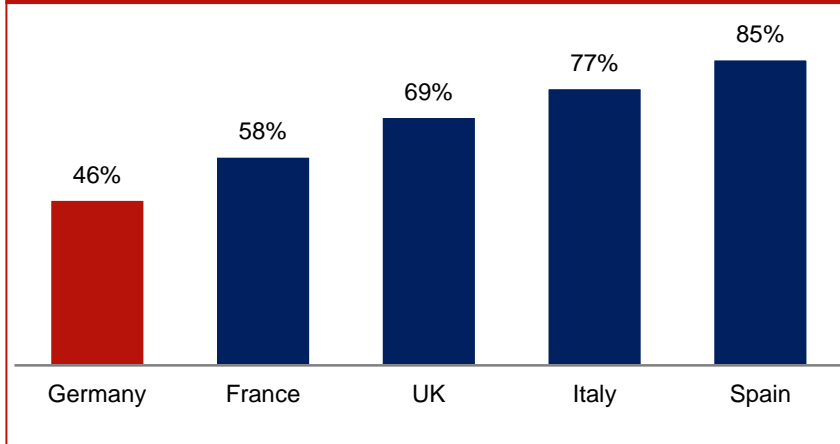


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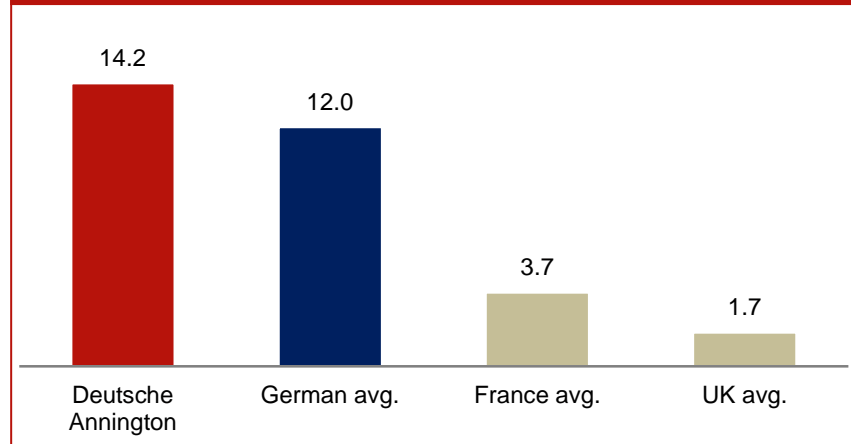
We are well positioned in a favourable market environment

Low home ownership driving rental demand



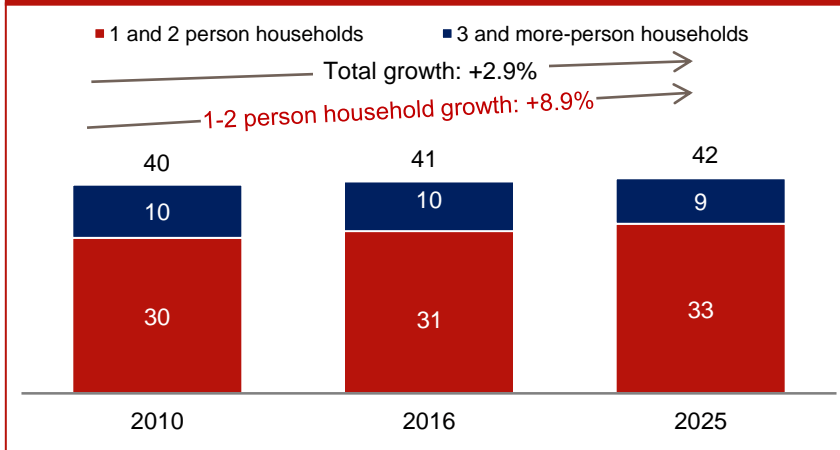
Source: Federal Statistical Office, Euroconstruct, ifo

High average tenancy length in years



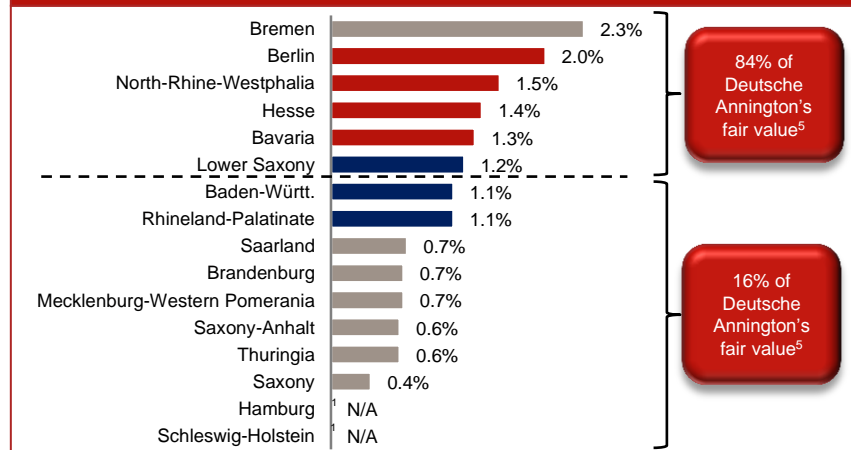
Source: Schader Stiftung (Germany), Clameur (France), Association of Residential Letting Agents (UK)

Favourable household development in Germany (m)



Source: BBSR Raumordnungsprognose 2030. Projections based on 2009 numbers

84% of DA's portfolio in states with strongest rental growth



Source: Destatis, 2011-2013 rental growth p.a.

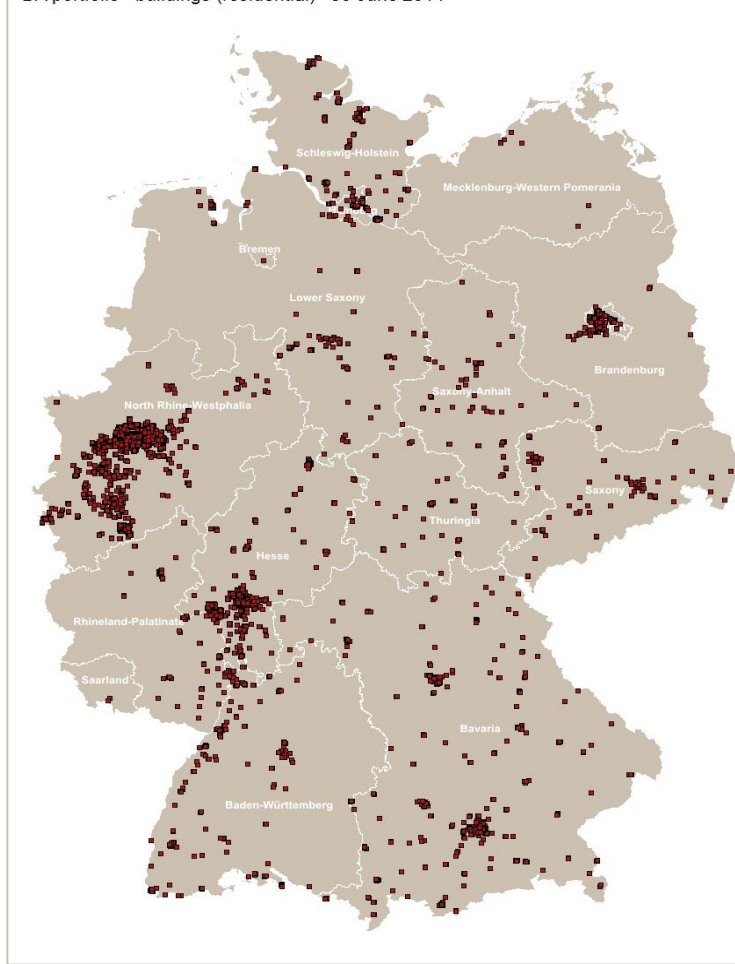
● >5% ● >2.5% ● <2.5% of DA apartments

(as per 30.06.2014)

Deutsche Annington at a glance (data as per 30.06.2014)

- Top 5 European real estate company¹ and the largest German residential firm²
- 185k residential units well spread across Germany
- 97% of portfolio by fair value located in Western Germany and Berlin
- More than 3.200 employees incl. own craftsmen organization with 1600 FTE
- Standardized processes and industrialized platform
- Best-in-class financing structure in the German real estate sector
- Dedicated portfolio strategy and investment program focused on value creation

DA portfolio - buildings (residential) - 30 June 2014

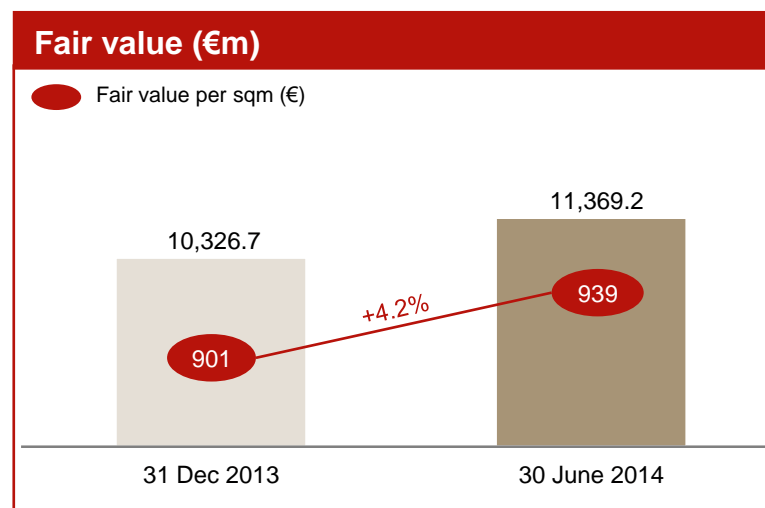
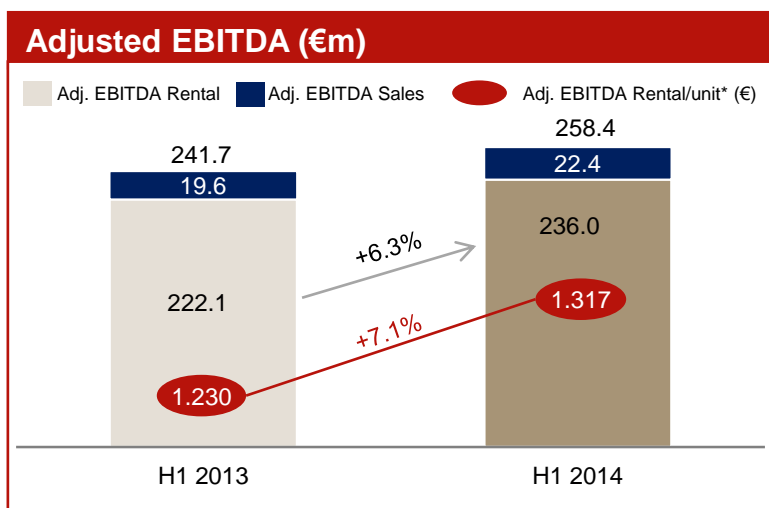
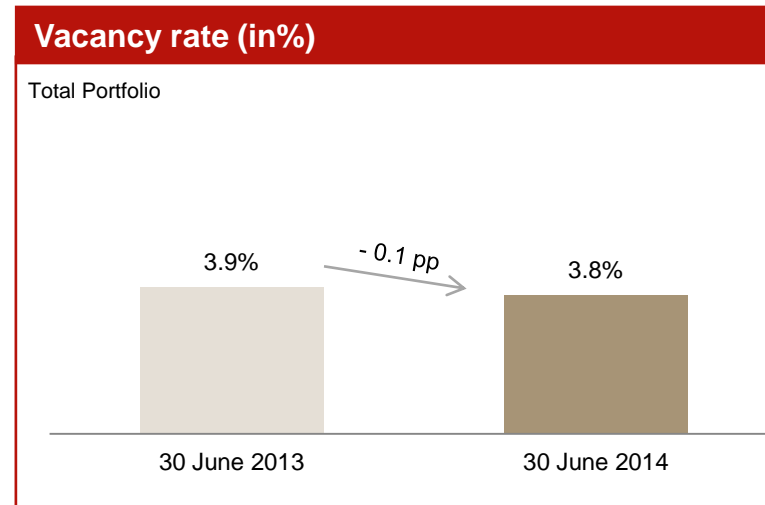
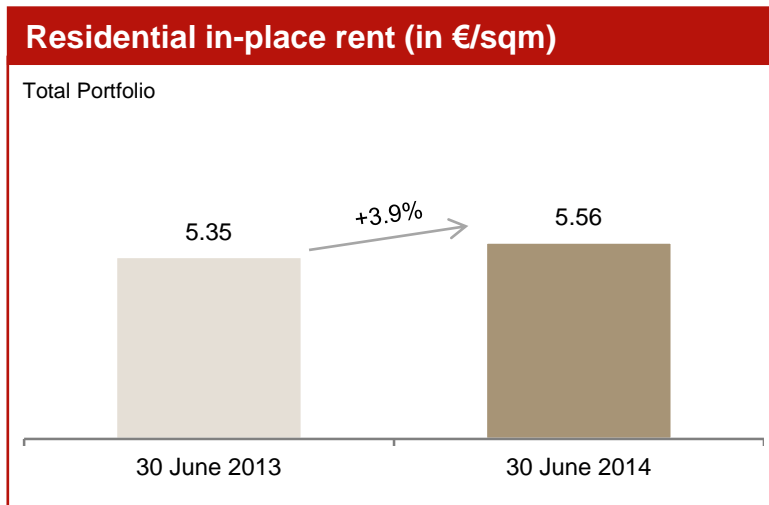


¹By market cap; ² In listed German residential sector

Highlights H1 2014

- **Raised 2014 guidance due to continuing strong operating performance**
 - FFO1 target increased to € 275-285m
- **Main work streams are fully on track, underlying our operational strength**
 - Modernization program well running, investment volume increased to € 160m
 - Cost savings ahead of plan, target raised up by ~20%
 - Integration and funding of acquisitions very well proceeding
 - Integration of DeWAG completed in half time
 - Unsecured funding strategy proofed strength, funding for acquisitions mostly captured at very competitive pricing
- **Full exit of private equity sponsor**
 - Boosted free float and liquidity of Deutsche Annington share after placement in May and announced MDAX inclusion on 22nd September
 - Continuing strong corporate governance set-up through new supervisory board

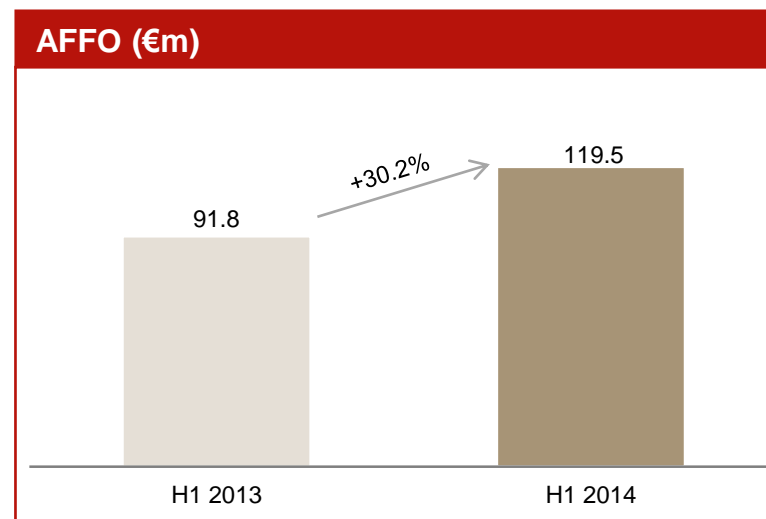
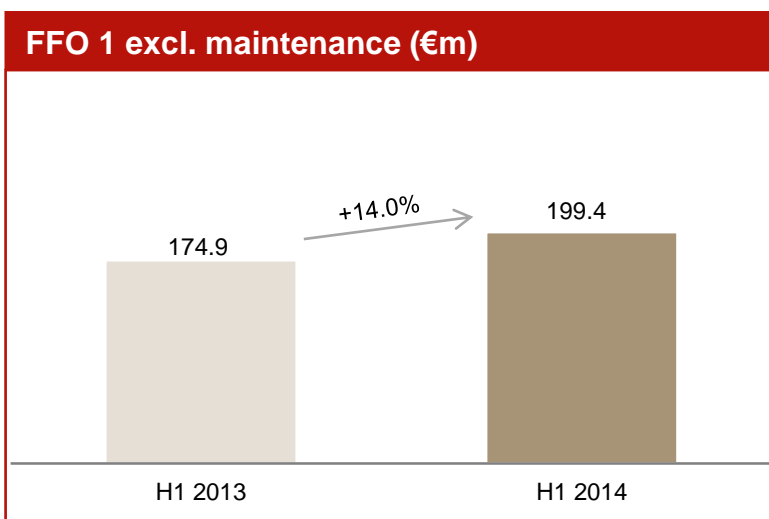
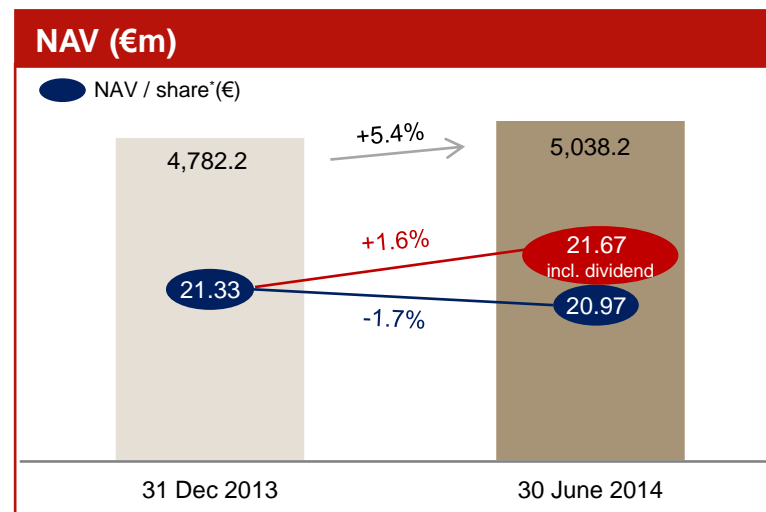
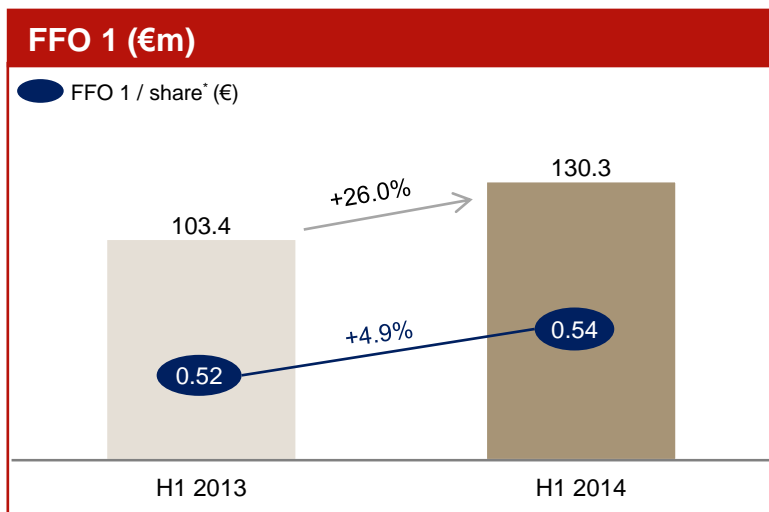
Strong operating performance continuing



*Based on average number of units over the period

Strong operating performance continuing

*Based on number of shares as of 30 June (200.0m) and 31 Dec 2013 (224.2m) and 30 June 2014 (240.2m)

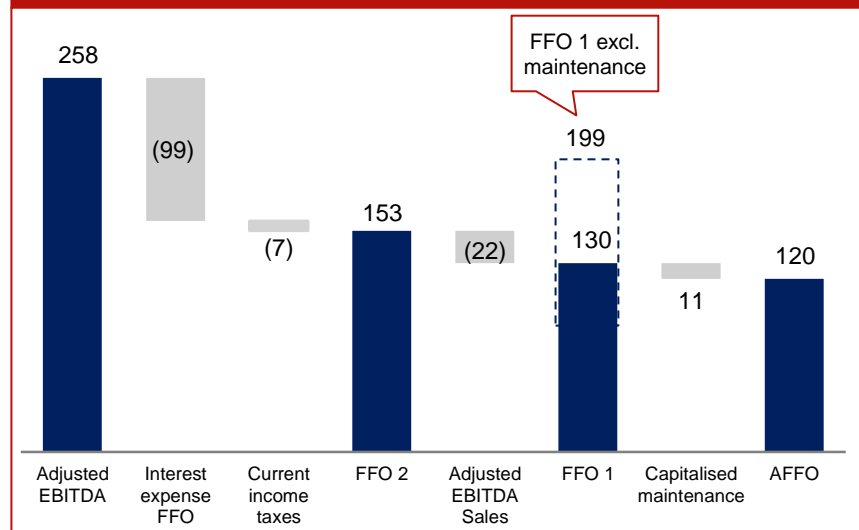


FFO by all definitions significantly exceeding previous year

FFO evolution (€m)

(€m)	H1 2014	H1 2013
Adjusted EBITDA	258.4	241.7
(-) Interest expense FFO	-98.9	-114.7
(-) Current income taxes	-6.8	-4.0
(=) FFO 2	152.7	123.0
(-) Adjusted EBITDA Sales	-22.4	-19.6
(=) FFO 1	130.3	103.4
(-) Capitalised maintenance	-10.8	-11.6
(=) AFFO	119.5	91.8
(+) Capitalised maintenance	10.8	11.6
(+) Expenses for maintenance	69.1	71.5
(=) FFO 1 (excl. maintenance)	199.4	174.9

FFO breakdown H1 2014 (€m)

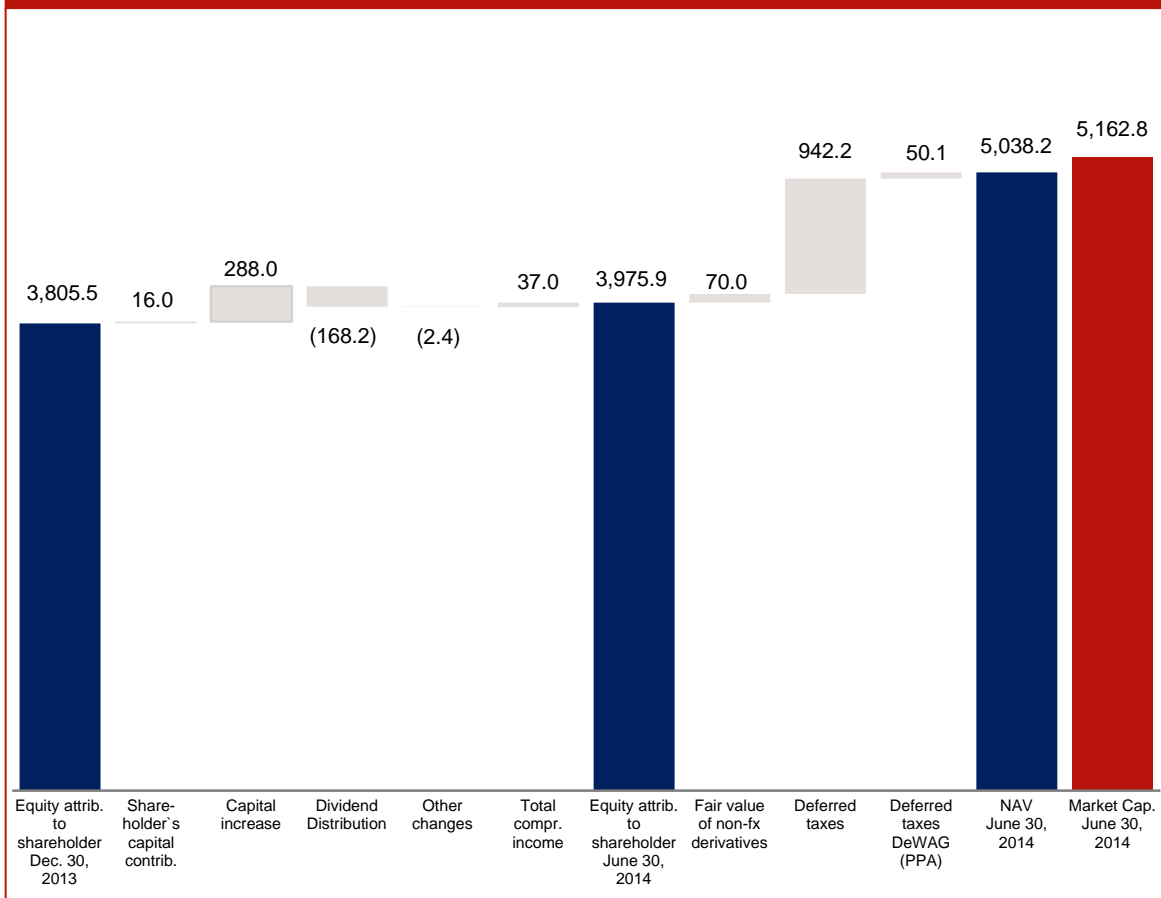


Comments

- All FFOs with significant positive development
- In addition to the DeWAG contribution, main driver is again significantly lower interest expenses from the new funding strategy being fully in place now
- Reduced sales volume at increased step-up lifting up the sales result slightly

NAV rising due to profitable growth and capital increase

NAV-bridge to June 30, 2014 (€m)









Comments

- Total comprehensive income includes valuation impact and profit for the period
- Other changes include the costs for the capital increase

Note: Rounding errors may occur

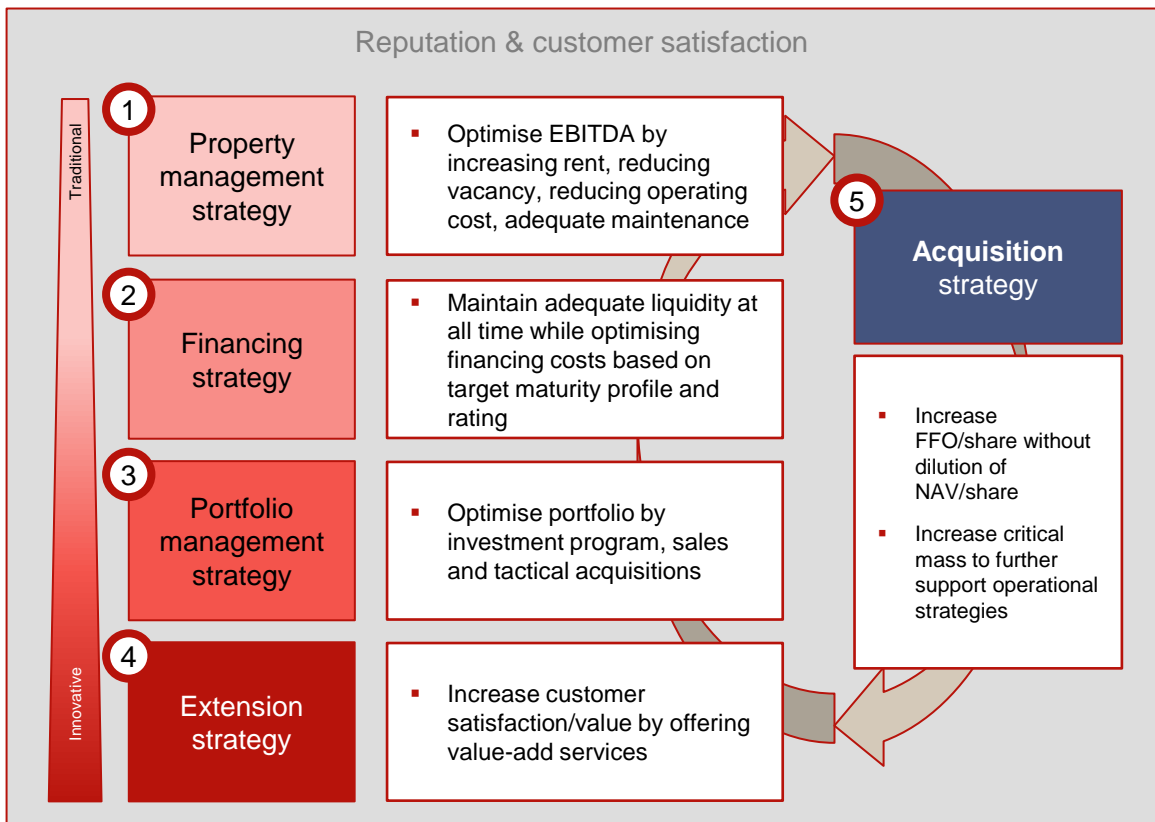
Raised 2014 guidance

FFO1 target increased to € 275-285m

	Guidance 2014		
	(Feb. 2014)	(July 2014*)	
Rental growth	2.3 – 2.6%	2.3 – 2.6%	
Modernisation program 2014	€ 150m	€ 160m	
Planned disposals (privatisation)	~1,800 units	2,000-2,100 units	
Step-up on FMV (privatisation)	20%	30-35%	
FFO 1	€ 250 – 265m	€ 275 – 285m	
Dividend policy	~70% of FFO 1	~70% of FFO 1	

* Including pro-rata contribution of acquisitions

Our strategy: The engine and the turbo



Engineering next generation German residential real estate

- Elements 1 & 2 ensure a decreasing cost basis and keep the organisation lean.
- Elements 3 & 4 create sustainable growth and power portfolio value generation. We are changing the product.
- Acquisitions do feed all elements, but are not necessary for growth generation.

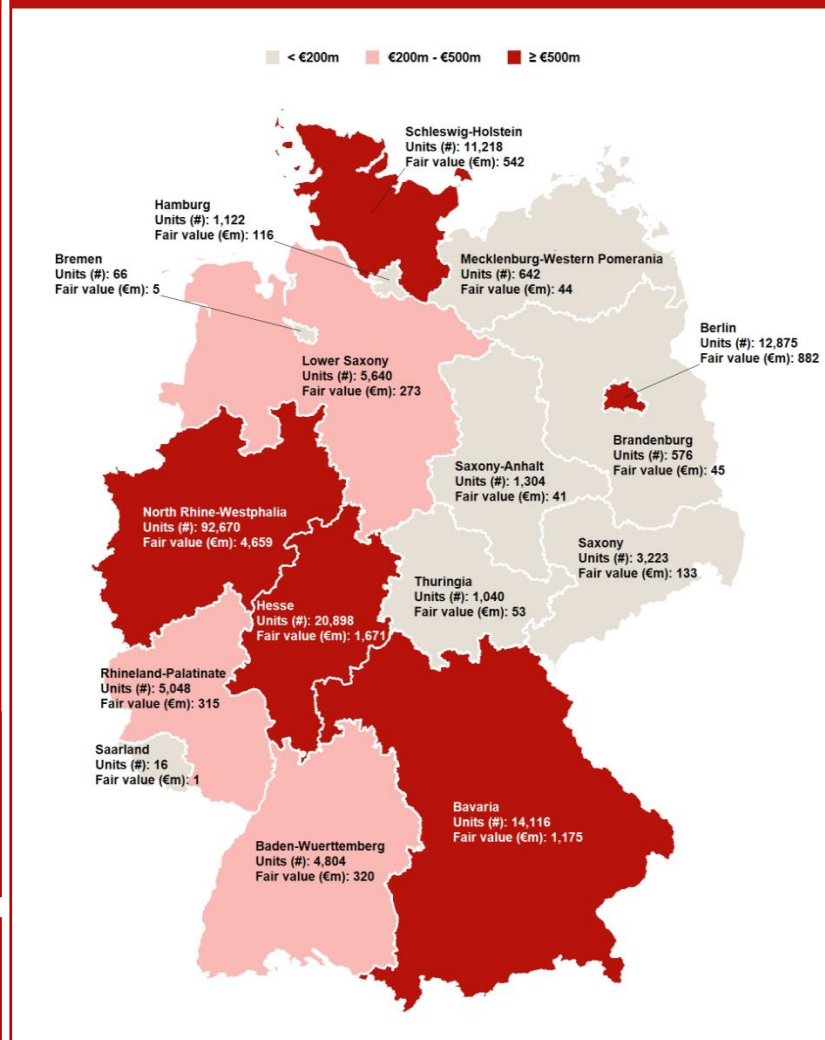
- We have a strategy that works without acquisitions, but acquisitions can be a turbo

Our portfolio provides a high value uplift potential from modernisation and privatisation

Portfolio segmentation¹⁾

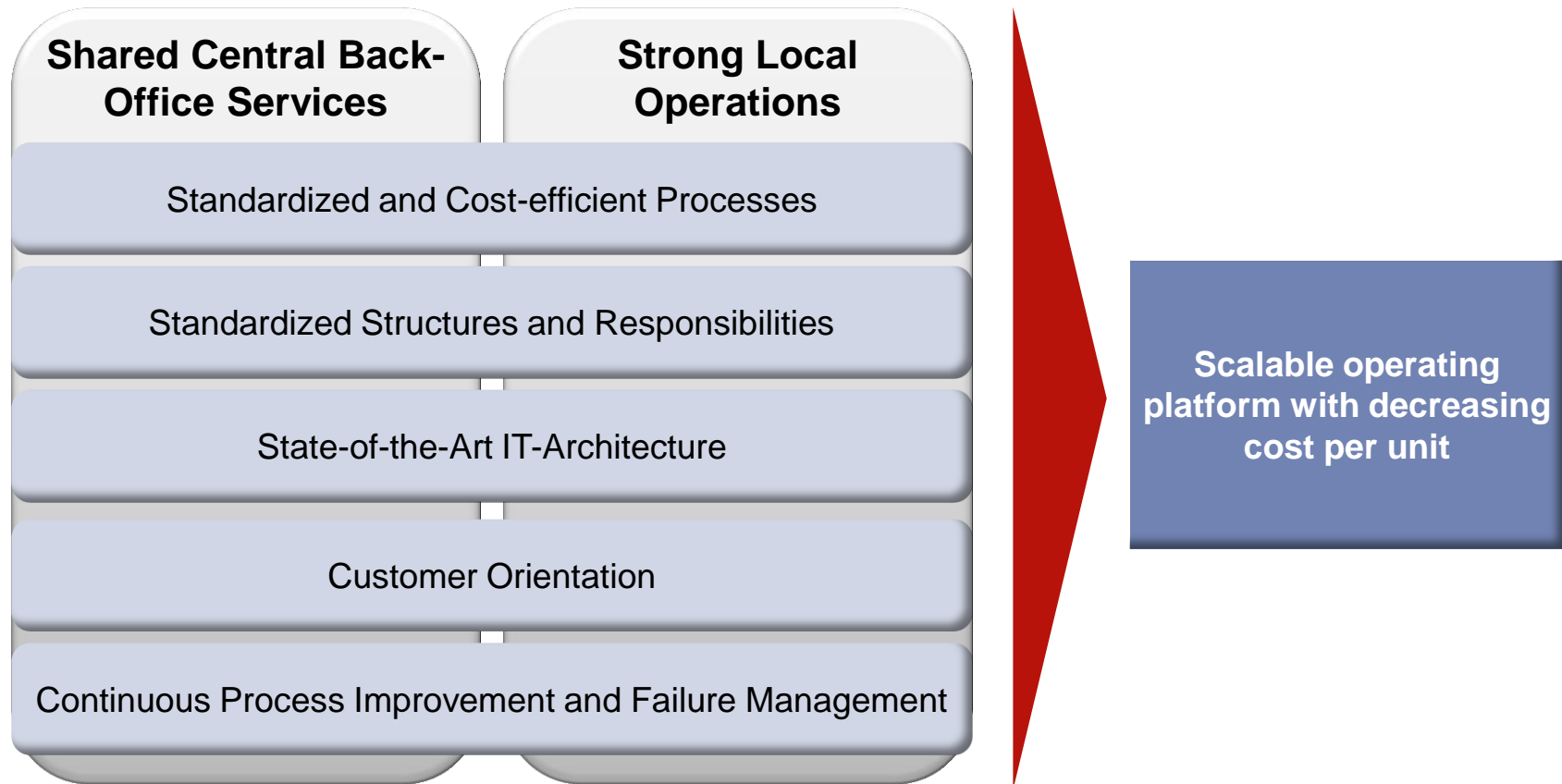
Rental Only (83%)			
Core 97%	Operational value generation through <ul style="list-style-type: none"> Rental growth Vacancy reduction Effective and sustainable maintenance spend Cost efficiency through scale 	I. Operate <ul style="list-style-type: none"> No need for larger action in the next few years 	YE 12: 44% YE 13: 39%
	Additional value creation through investments <ul style="list-style-type: none"> € 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 <ul style="list-style-type: none"> Energy efficiency upgrades € 500m of opportunities identified 	YE 12: 23% YE 13: 25%
		III. Optimise Apartments <ul style="list-style-type: none"> Invest in apartments for senior living and high standard flats in strong markets € 300m of opportunities identified 	YE 12: 14% YE 13: 20%
	Additional value creation through retail sales <ul style="list-style-type: none"> Total of 21k apartments prepared Track record of selling >20% above fair value 	IV. Privatiser <ul style="list-style-type: none"> Sell opportunistically if sufficient value premium is offered 	YE 12: 14% YE 13: 13%
	Non-core 3%	V. Non-core <ul style="list-style-type: none"> Insufficient medium- to long-term growth prospects 	<ul style="list-style-type: none"> Sell around fair value

Portfolio distribution



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

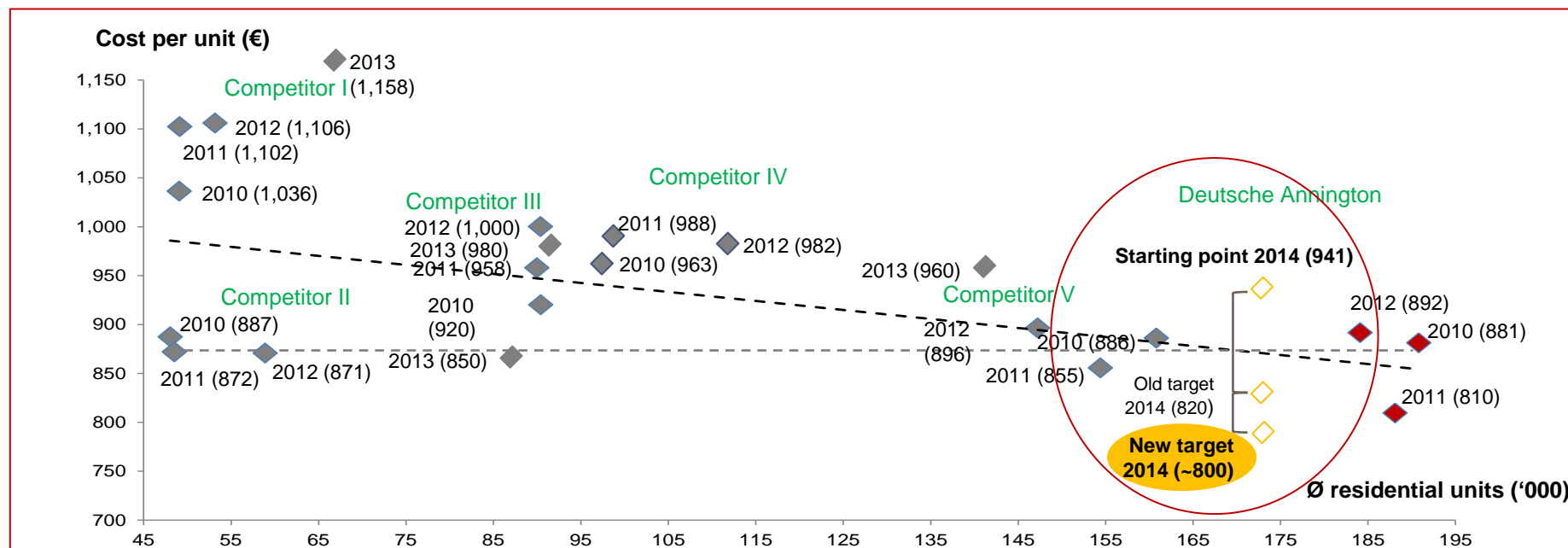
Our property management is based on best-in-class processes and an easily scalable platform



- Our operational business model ensures decreasing average cost per unit through standardization and scalability


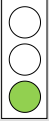
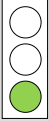

We have increased our savings target for 2014, leading to a further improved cost per unit ratio

- Cost savings well ahead of plan
- Therefore savings target of >€20m for 2014 increased by further ~20%
- Lifting savings up to € 140-150/unit (up from € 120/unit); pre acquisition effects



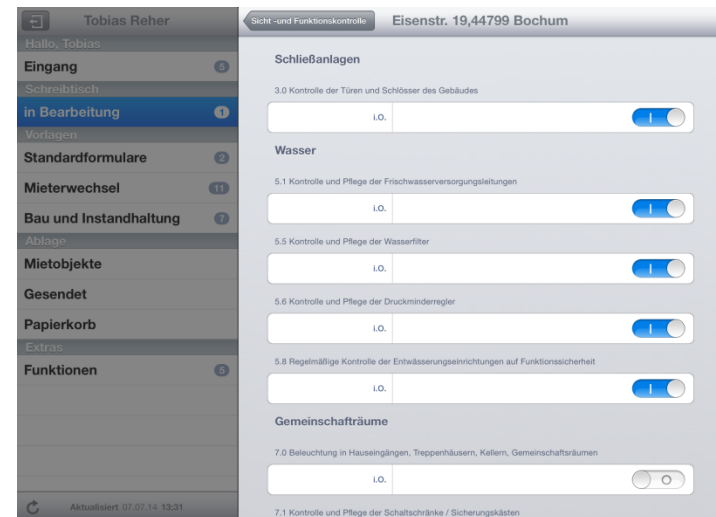
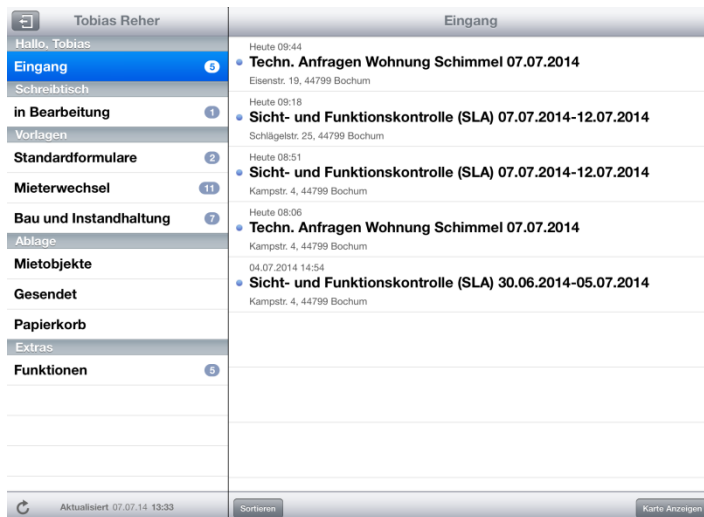
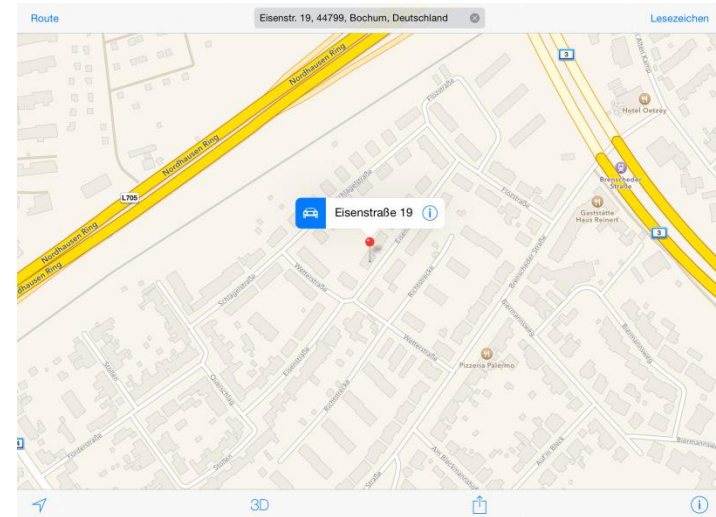
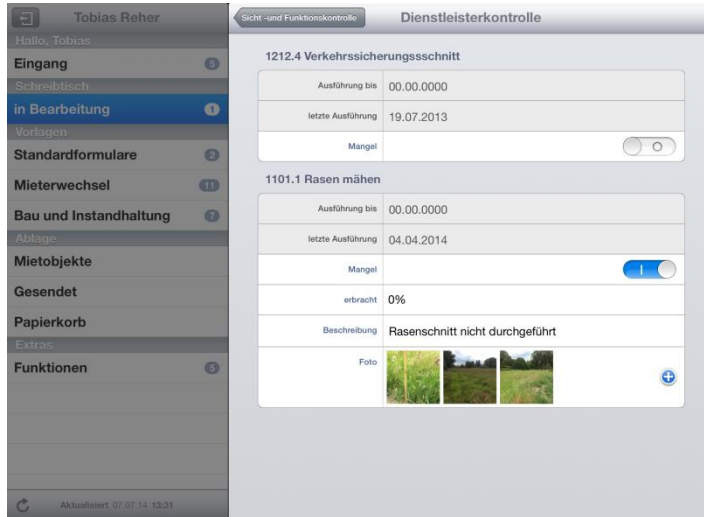
2014 cost savings well ahead of plan

Target raised by ~20%

Line	FY Target	Status H1/2014	Main drivers for cost savings	
Headcount reduction	~€12m	Slightly behind	<ul style="list-style-type: none"> Elderly part time program Pay roll reduction Original plan adjusted for transactions 	
IT cost	~€2m	Well ahead	<ul style="list-style-type: none"> Lower process cost Lower wide area network cost 	
TGS	~€5m	Well ahead	<ul style="list-style-type: none"> Higher sales Improved margin due to better business processes 	
Other operating cost	~€1m	Well ahead	<ul style="list-style-type: none"> Overall lower SG&A and PTU cost 	
Total	>€20m	Well ahead		

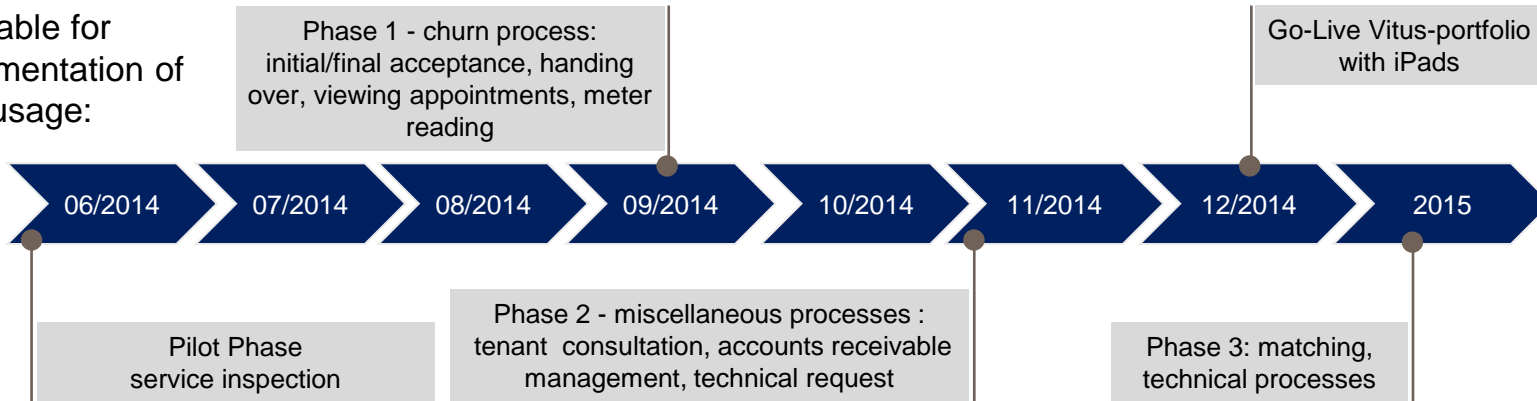
Savings estimated ~20% higher than initial target

The use of iPad-technology in property management reduces the time effort of administrative tasks ...



...allowing us to optimize field service productivity and reduce costs

Timetable for implementation of iPad usage:



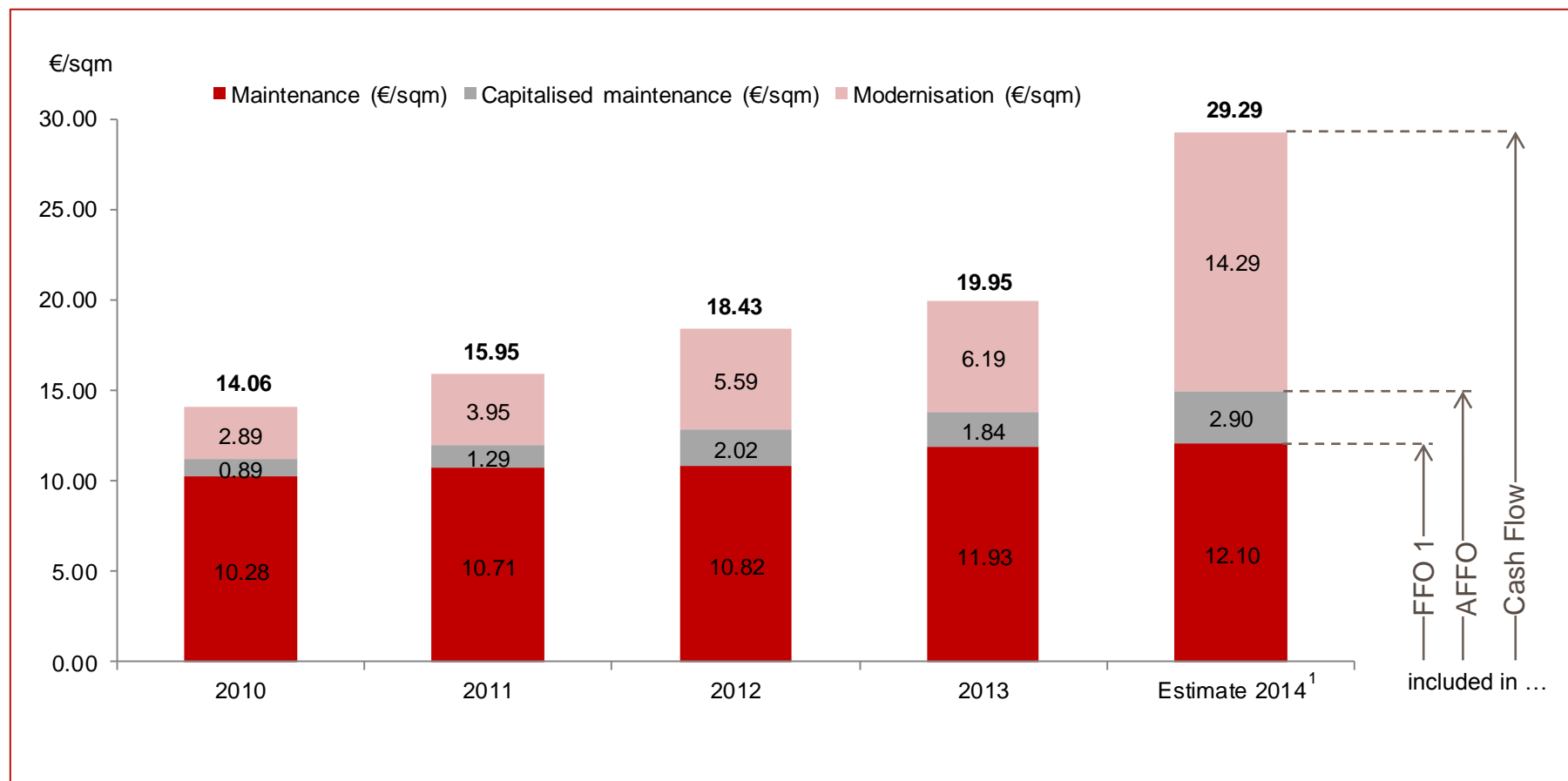
Current situation

- heavy IT equipment (notebook, camera, DigitalPen with printed form, security-token, ...)
- plenty of complex IT processes necessary (e.g. photo export, etc.)
- no off-line solution, sometimes poor mobile broadband support
- cost-intensive IT equipment and licenses necessary
- replacement investment of IT equipment necessary

Future

- only one device (iPad mini cellular) instead of a current minimum of four
- intuitive app for all business processes with high user friendliness
- 100% off-line processing possible
- integrated photo function to speed-up processes
- Significant cost reduction

Our continuously high maintenance level ensures a sustainable rental growth in our portfolio



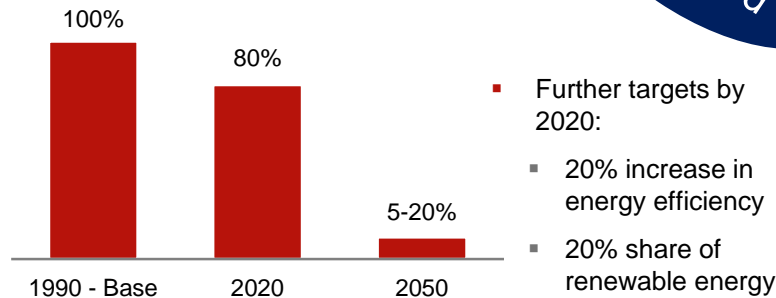
¹ Including DeWAG

Our modernisation program is capitalising on mega-trends supported by German regulation

Upgrade Buildings Targeting energy efficiency

dena study published

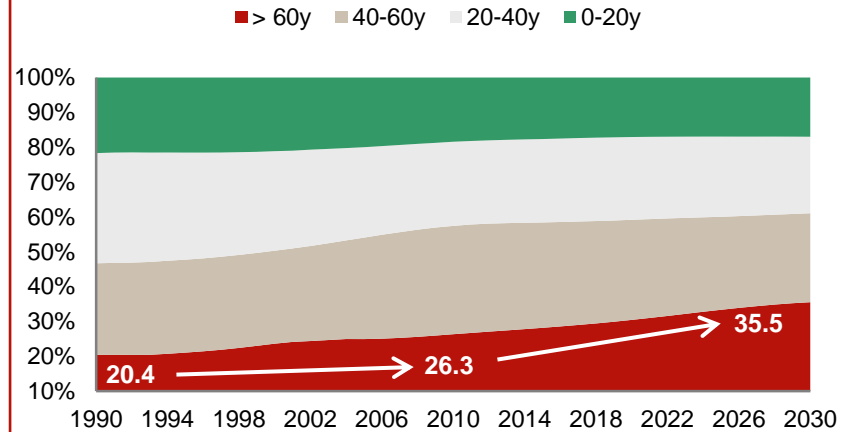
European CO₂ emission targets (vs. 1990 levels)



- 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

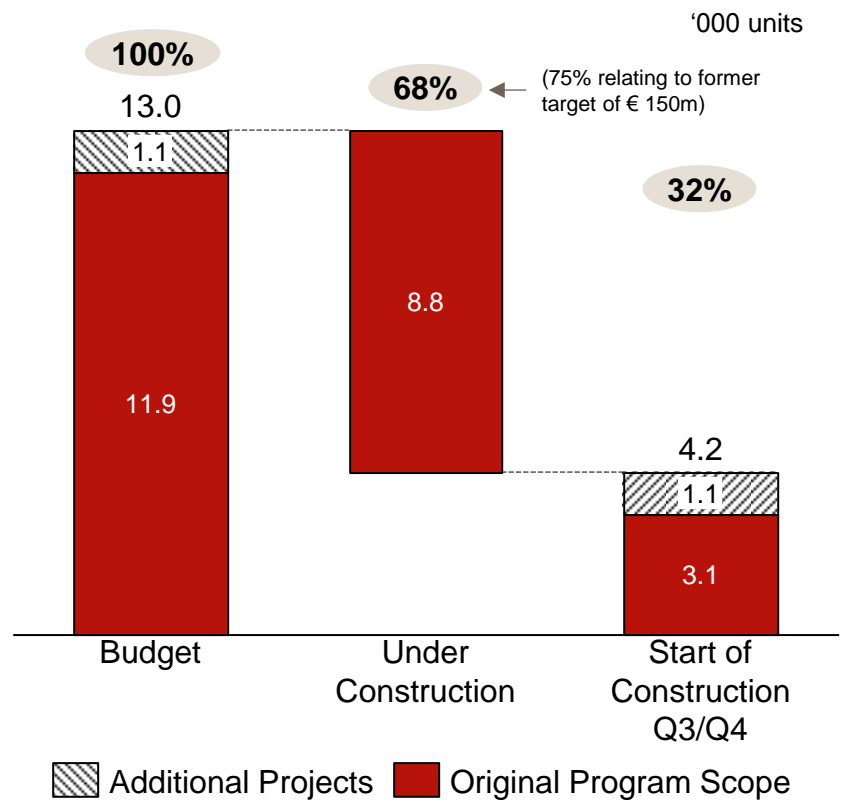
Modernisation is a highly industrialised & standardised process delivering steady attractive returns

A positive track record

Vintage year	Invest (€m)	# Units	Un-levered Asset yield	Leverage factor
Ø 2009-2011	33.7	2,281	7.0%	0%
2012	56.6	2,982	6.8%	11.2%
2013	65.3	5,320	7.0%*	64.0%
2014 (FC)	160	13.000	~7.0%	~ 57%

*yield forecasted depending on new rents after modernisation

High modernisation volume in 2014 and coming years at ~7% unlevered yield

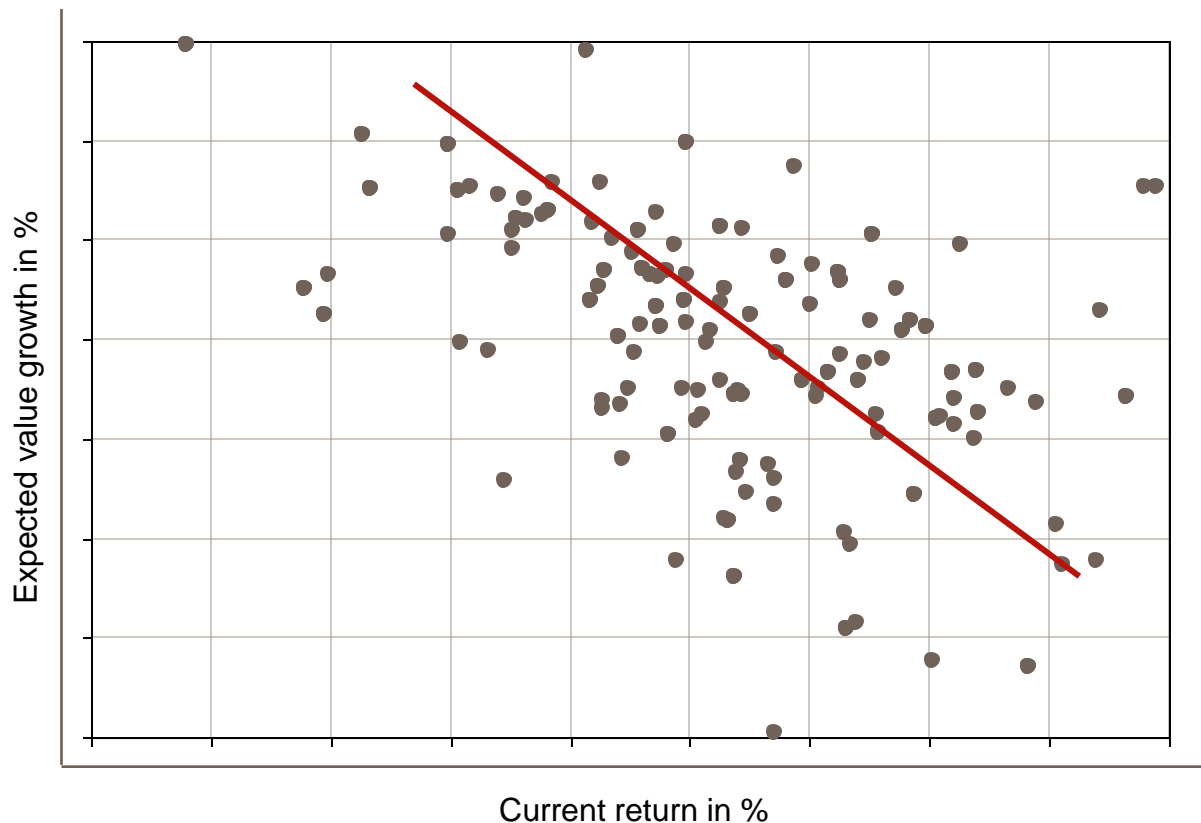


- Through efficiency gains more potential in existing portfolio visible. Cost of modernisation is decreasing, i.e. modernisation of units with a lower rental growth potential and earning ~7% unlevered yield is possible
- Activities capped by availability of craftsmen and construction engineers only

Imbalanced market structure provides opportunities

Portfolio management strategy

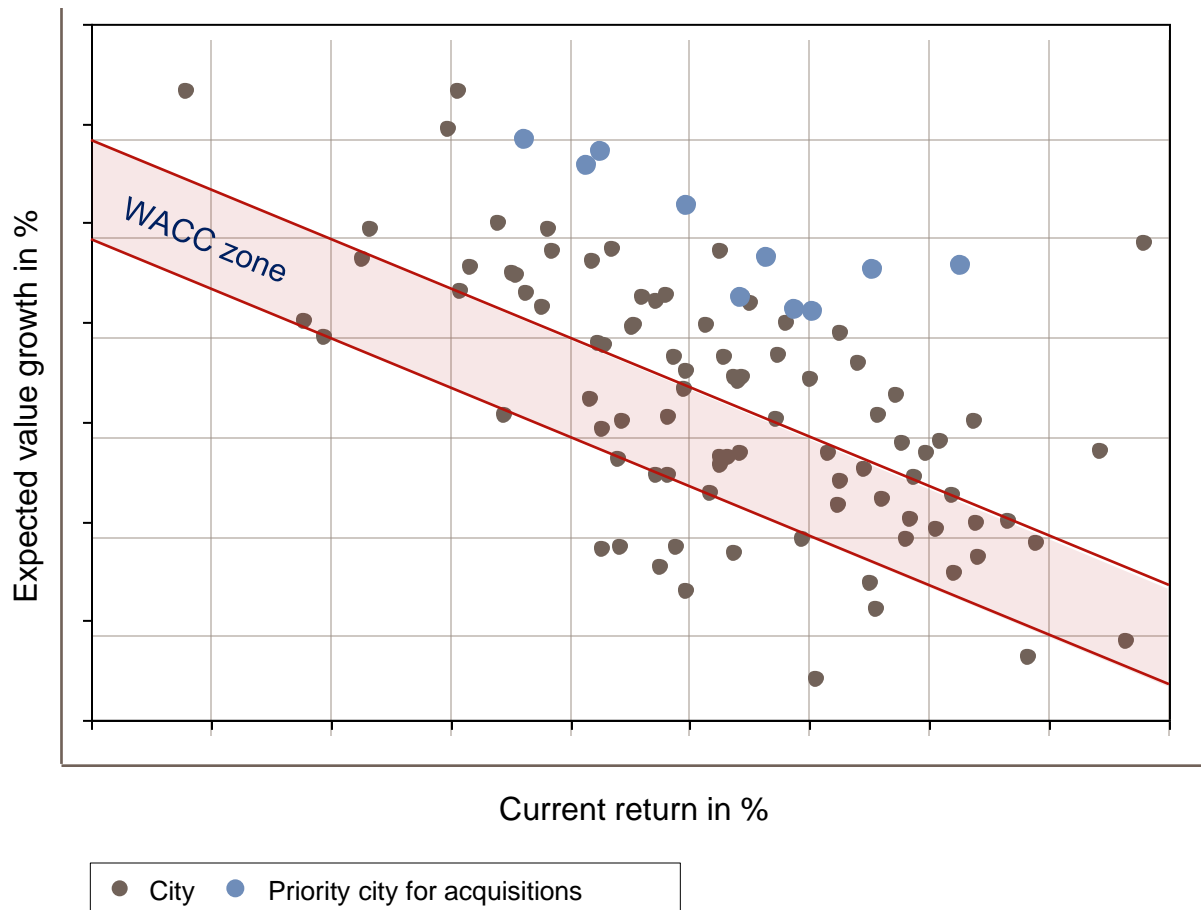
Total Returns 2009-2012
(Market data on top 150 cities in Germany)



- Total return is the sum of current return and expected value growth
- Imbalanced market structure provides opportunities
- Growth is most crucial component
- But analyses of history shows – rent forecasts by external data providers are not reliable

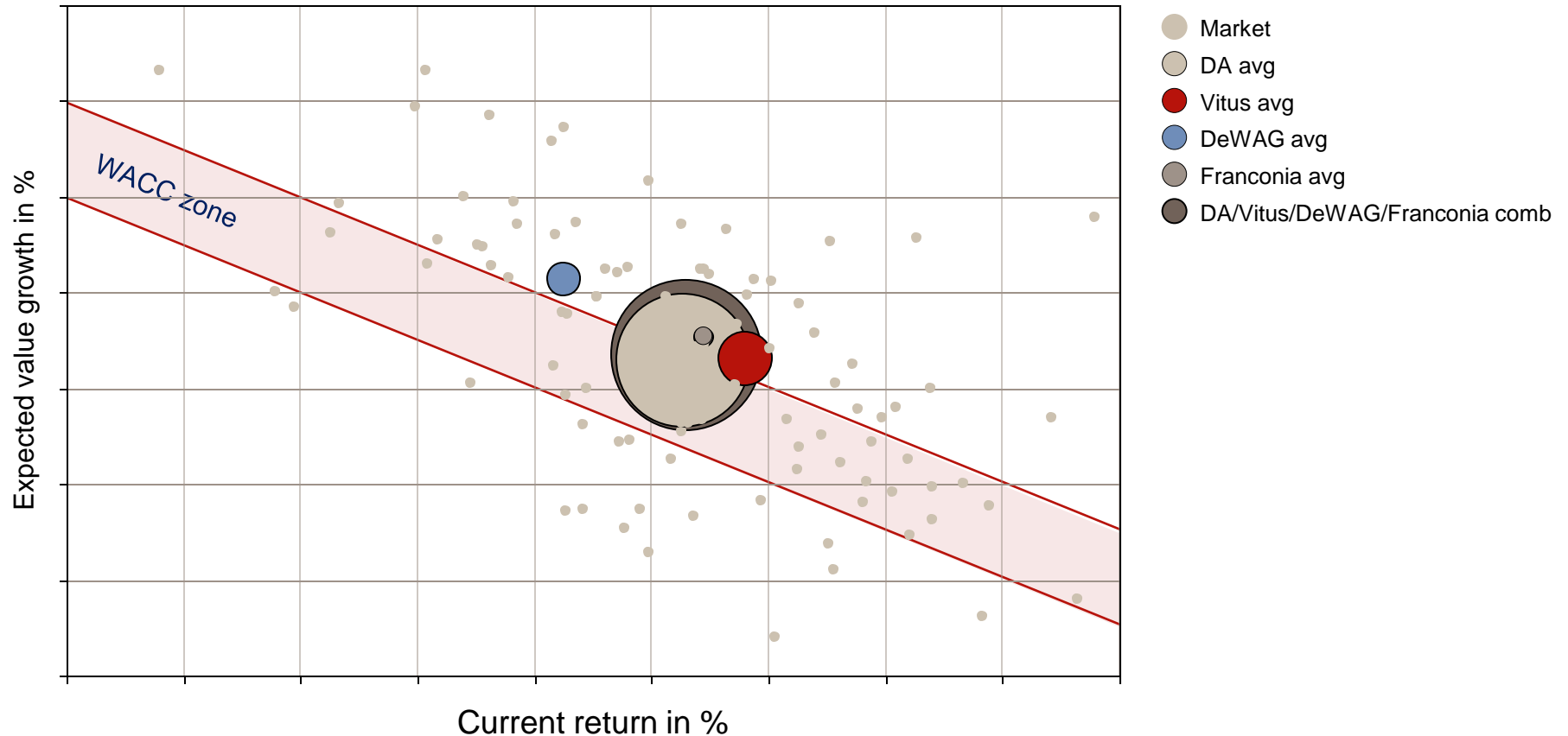
Innovative portfolio management for sustainable profitable growth

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



- We developed a framework to evaluate the housing market
- Growth is derived from basic demographic data and own estimates
- We will invest and acquire assets with above average returns and sell assets with low return
- We identified 10 cities with a priority for acquisitions

Vitus, DeWAG and Franconia perfectly enhance our portfolio

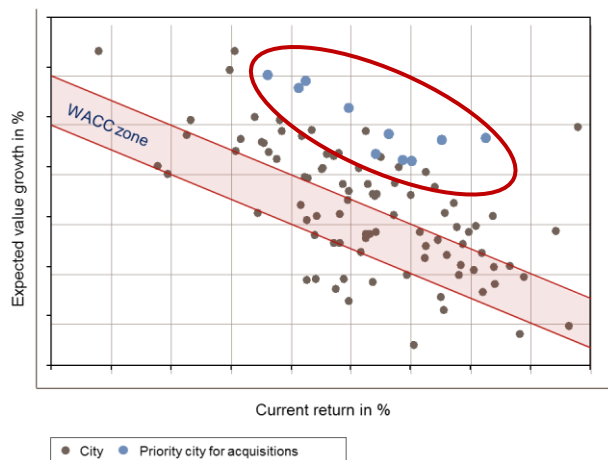


➔ The new portfolios of Vitus, DeWAG and Franconia perfectly fit to our portfolio management strategy and shift our position into the right direction

We implemented an efficient process to acquire smaller portfolios fast and smoothly (tactical acquisitions)

- With tactical acquisitions (≤ 500 units), we enlarge our transaction toolkit
- Our target is to refill reductions from privatisation sales by tactical acquisitions

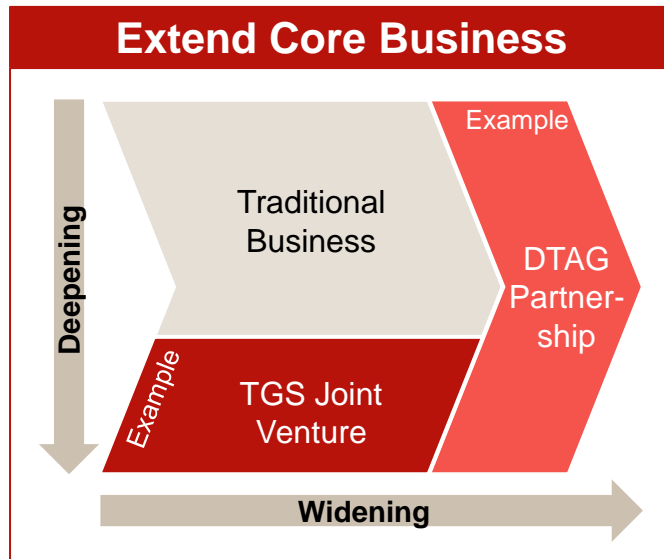
Deutsche Annington's portfolio management approach
(Deutsche Annington's analyses of Germany)



- Standardised and lean “fast track” process (2-4 weeks) for tactical acquisitions implemented
- Low complexity leads to acceptable administrative cost
- Best use of regional market knowledge
- Requirements for strategic fit:
 - ✓ Asset deal
 - ✓ Focus region in line with growth-return matrix
 - ✓ Significant Dt. Annington portfolio close by
 - ✓ Property strategy (rental only)

- Lean and tailored process to drive tactical acquisitions
- First acquisitions as testing balloon in 2014, steady deal flow from 2015 onwards

The target of our extension strategy is to enlarge our traditional business and increase customer satisfaction



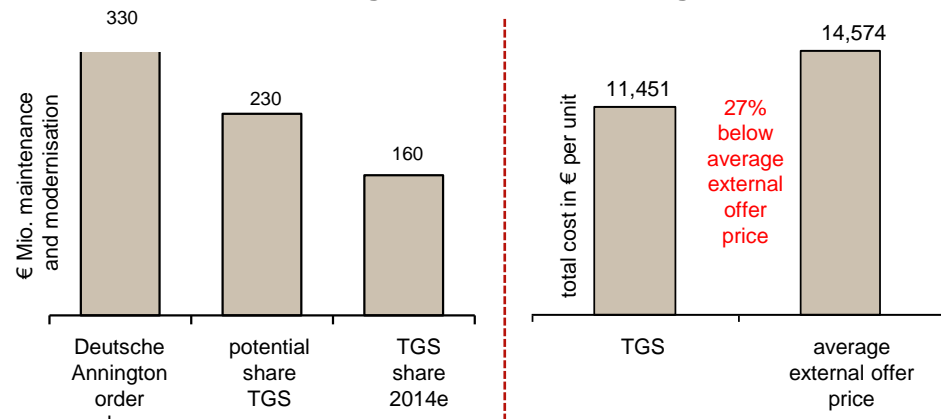
- ### Key Objectives
- Increase in customer satisfaction resulting in higher customer loyalty
 - Additional contribution and growth from extensions of the value chain
 - Improvement of efficiency, costs and quality of DA core business process chain



Strategic advantages of the TGS joint venture:

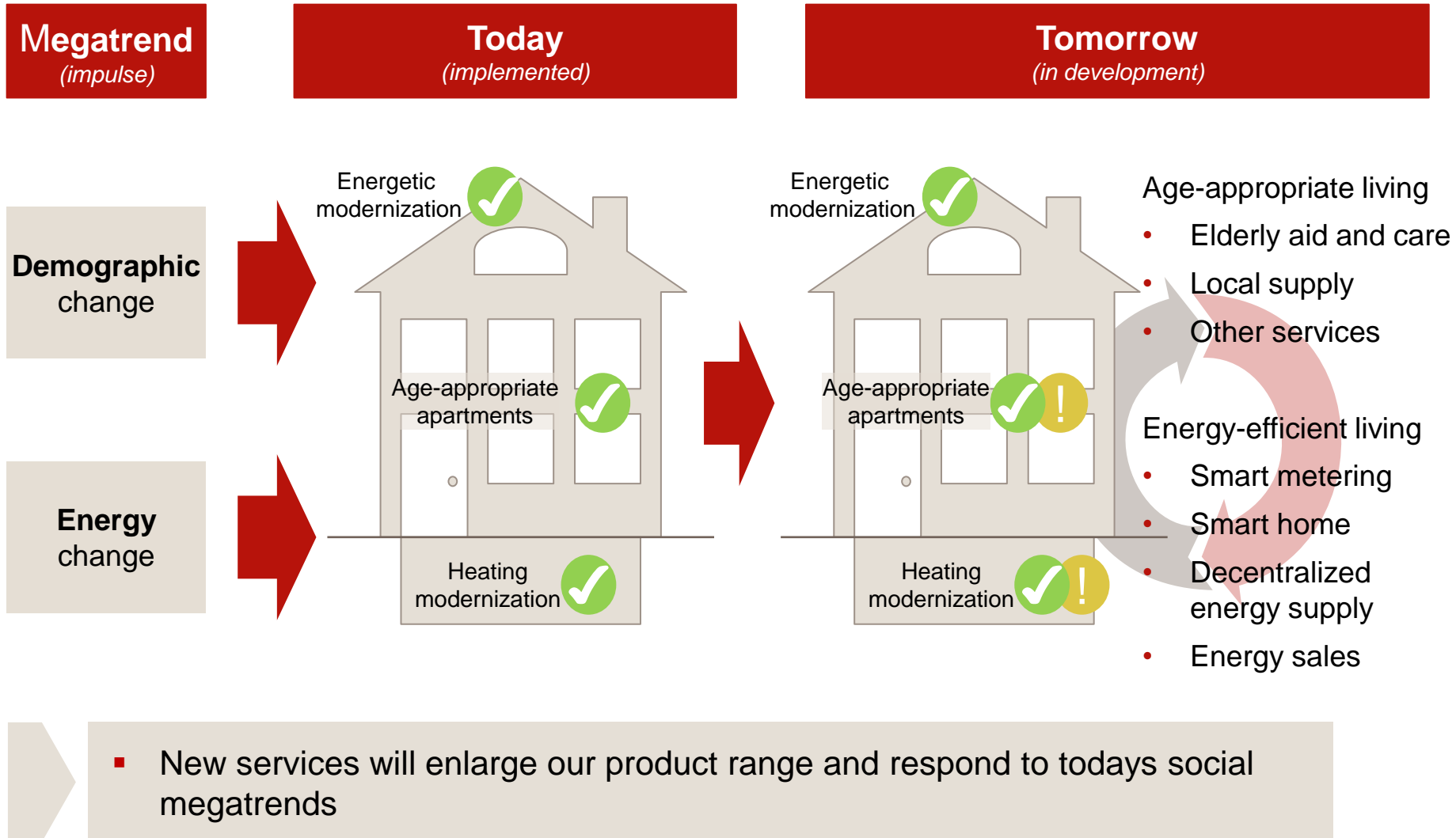
- Higher quality (build-up of know how, efficient & closely coordinated processes)
- High reliability (direct access to craftsmen capacities)
- Cost reduction (managing total costs of process)
- Nationwide scalable operating platform

TGS serves the basis of our investments and offers a significant cost advantage



Example: Refurbishment of a vacant flat

We will focus on the systematical development of new services and products along social megatrends



Our innovative bathroom concept evidences our standardised & innovative processes

Standardization process

Degree of standardization

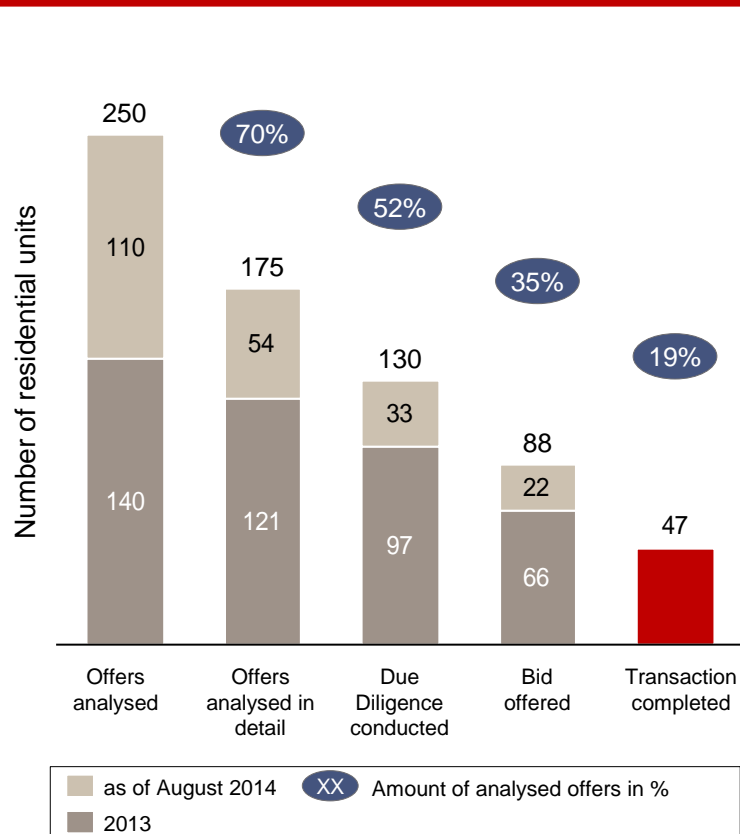
1. Implementation of private brand for ceramics and armatures
2. Concept for DAIG standard bathroom types
3. Development and implementation of a lump sum complete bathroom solution for sitting tenants
4. Direct marketing of bathrooms as service offering for sitting tenants in portfolio estates

Achieved yields significantly higher than standard modernization measures



We see plenty of opportunities for acquisition and have the power to bring them home

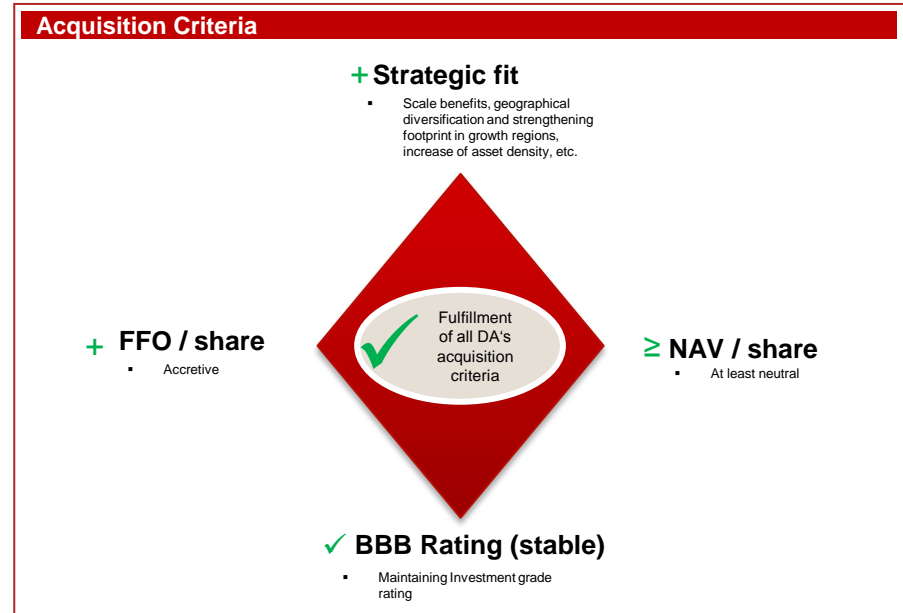
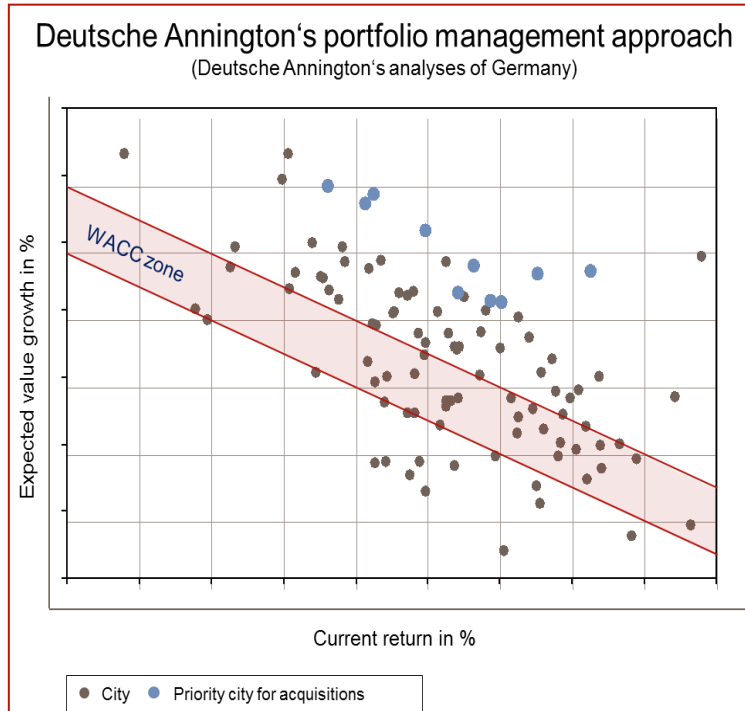
Acquisition Deal Pipeline 2013 / 2014 ytd (≥ 2k units)



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

However every potential acquisition is monitored by a dedicated process, keeping us strongly disciplined

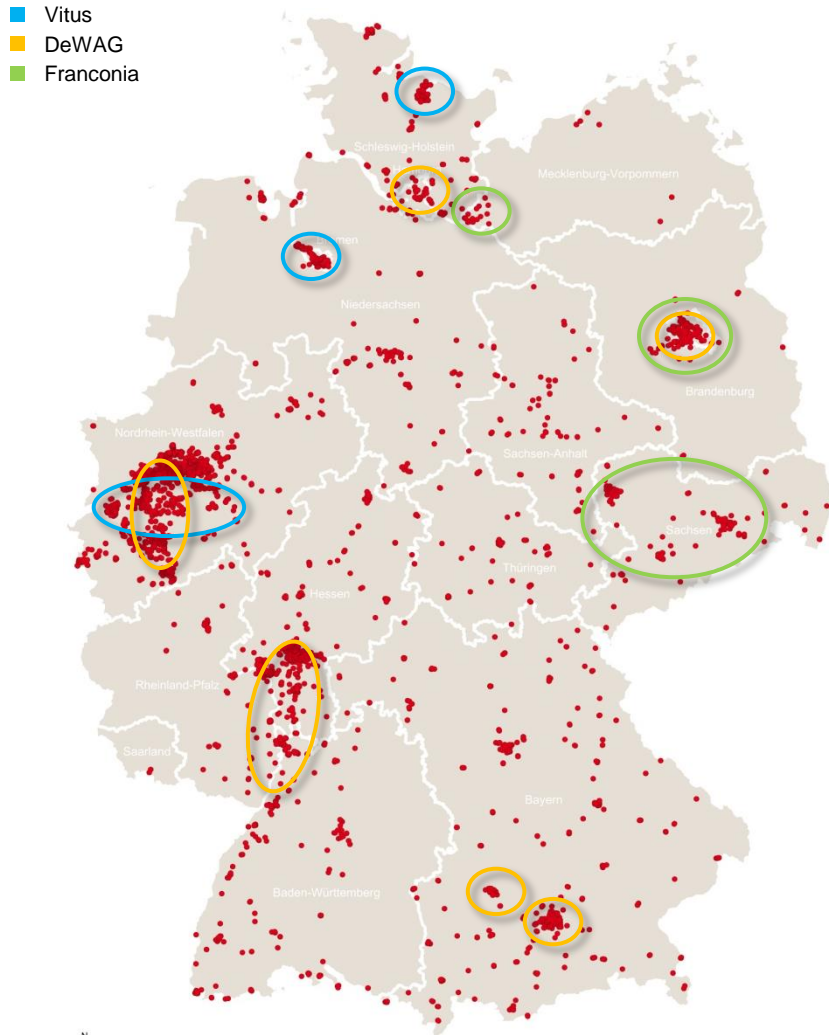


➤ Return matrix is a powerful model to make an early decision about the strategic fit of an offered portfolio

➤ The “cage” keeps us highly disciplined and prevents us from overpaying - a high risk in current markets

The acquisition of Vitus, DeWAG & Franconia in 2014 (46k units) perfectly fit to our portfolio

Comparison of Portfolio Locations



Portfolio Comparison¹

	vitus	DeWAG	Franconia	DAIG	Combined
Number of units	30,119	11,412	5,042	175,258	221,831
Vacancy	3.6%	4.3%	4.8%	3.5%	3.6%
Rent/sqm €	4.87	6.62	5.52	5.40	5.40
Multiple ²	13.0x	15.1x	14.4x	14.2x	14.3x
Purchase Price	€ 1,420m	€ 944m			

Portfolio Split

Top 3 cities (# residential units)

vitus

1. Bremen (9,758)
2. Kiel (9,246)
3. Moenchengladbach (5,741)

DeWAG

1. Augsburg (1,263)
2. Berlin (840)
3. Frankfurt am Main (778)

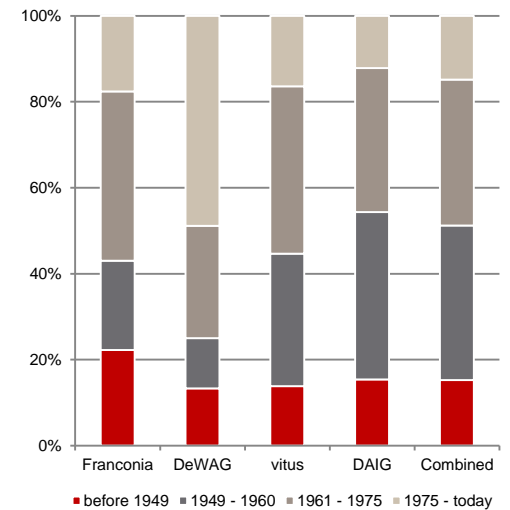
Franconia

1. Berlin (2,460)
2. Dresden/Erfurt/Jena/Leipzig (1,409)
3. Boizenburg (976)

DAIG

1. Dortmund (17,541)
2. Berlin (12,875)
3. Essen (9,491)

By Age



¹ Franconia figures as of 31.07.2014 - DAIG, DeWAG and vitus as of 31.12.2013 (used for comparison purposes)

² DeWAG, Vitus and Franconia: transaction multiple; DAIG: valuation multiple

Our new assets offer compelling upside potential: Modernisation +15,728 units, privatization +4,390 units

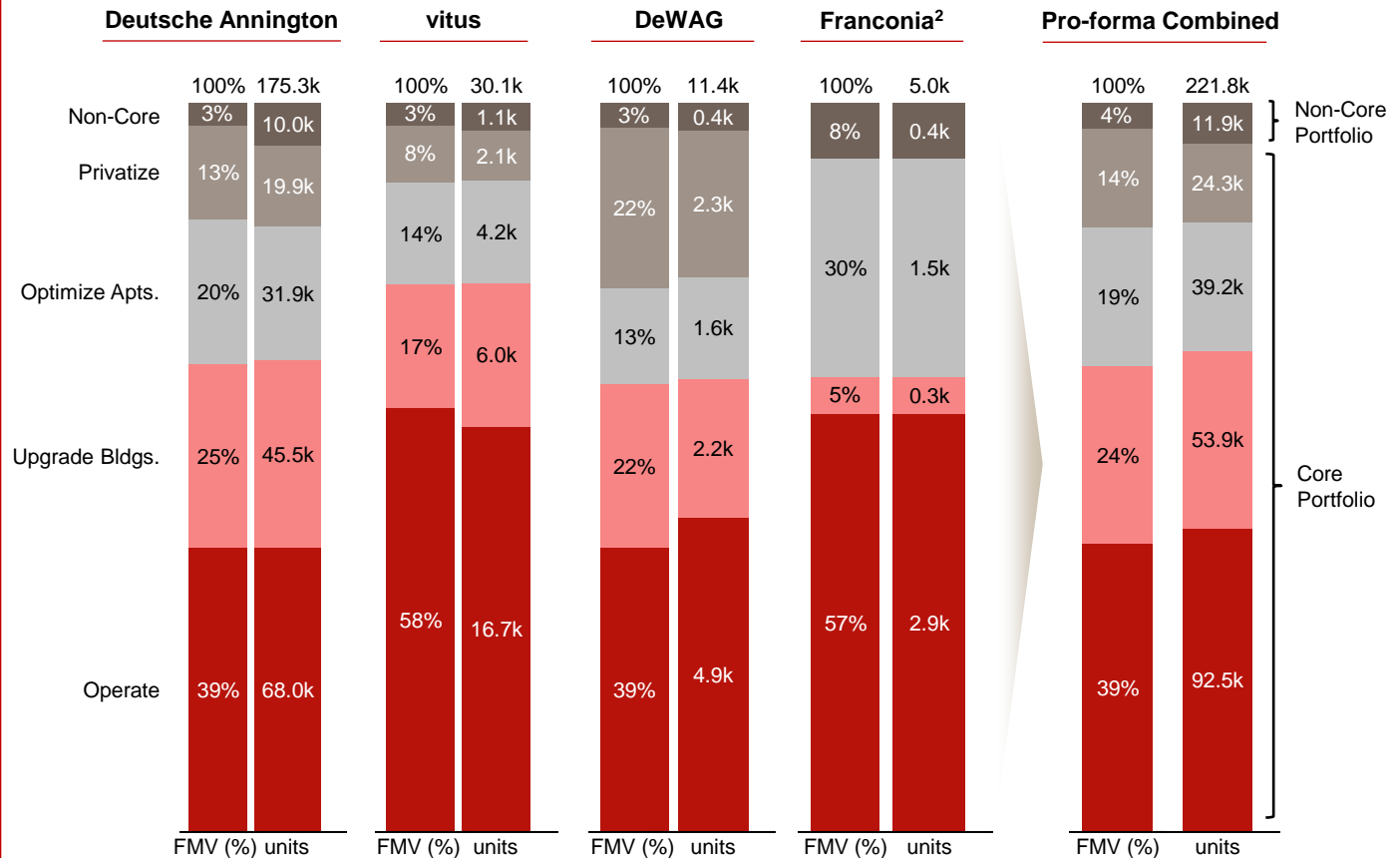
Comments

- All 46,573 residential units have been analyzed on-site
- More than 70 parameters per property were collected (eg repair & maintenance need, new-letting rents, vacancy, fluctuation)

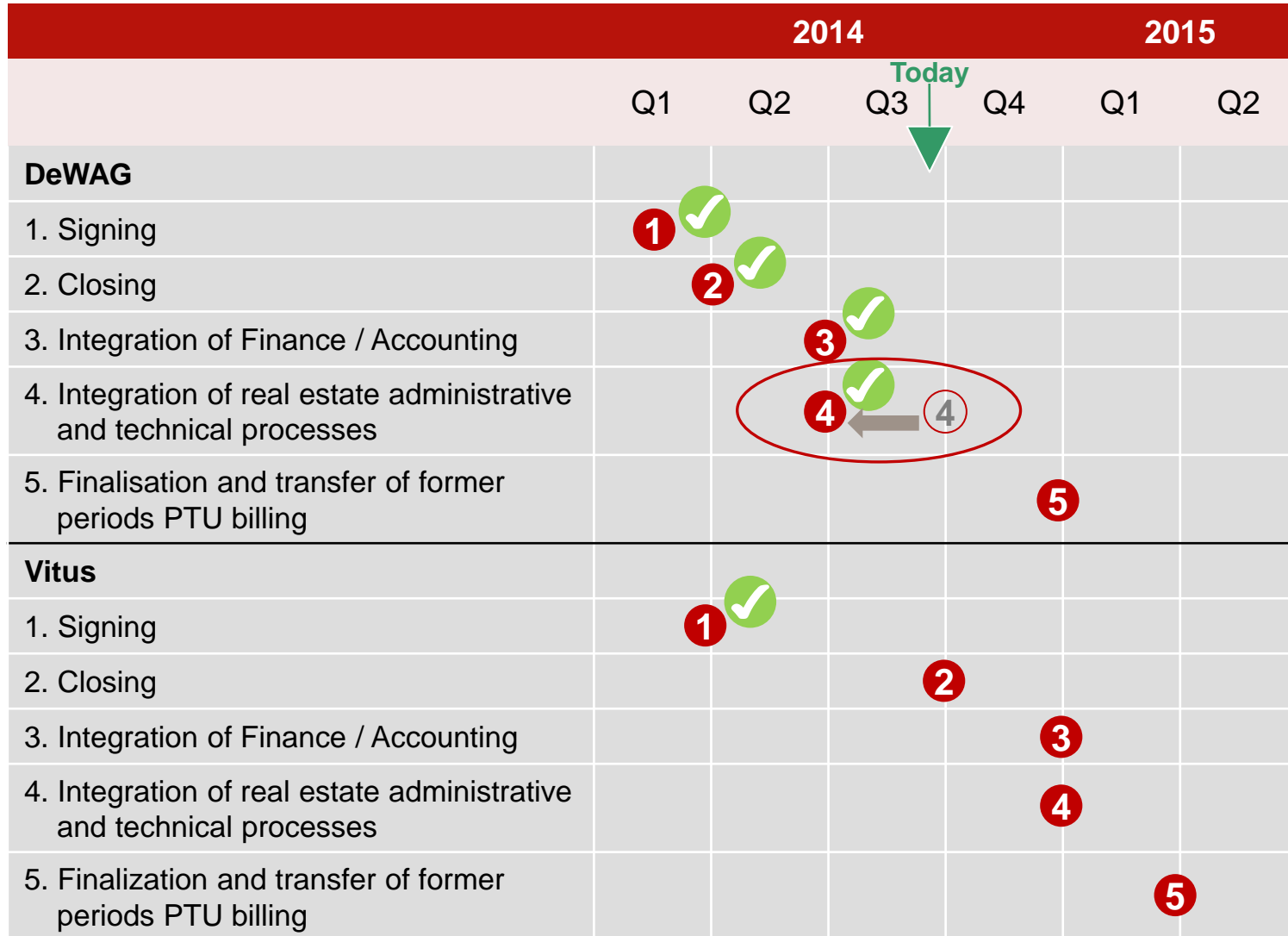
Additionally we assessed 8 individual initiatives per property

- Modernisation (energetic, add. Balconies, attic extensions)
- Apartments optimisation and senior living
- Privatisation, block sales, ground sales

Pro-Forma Portfolio Segmentation

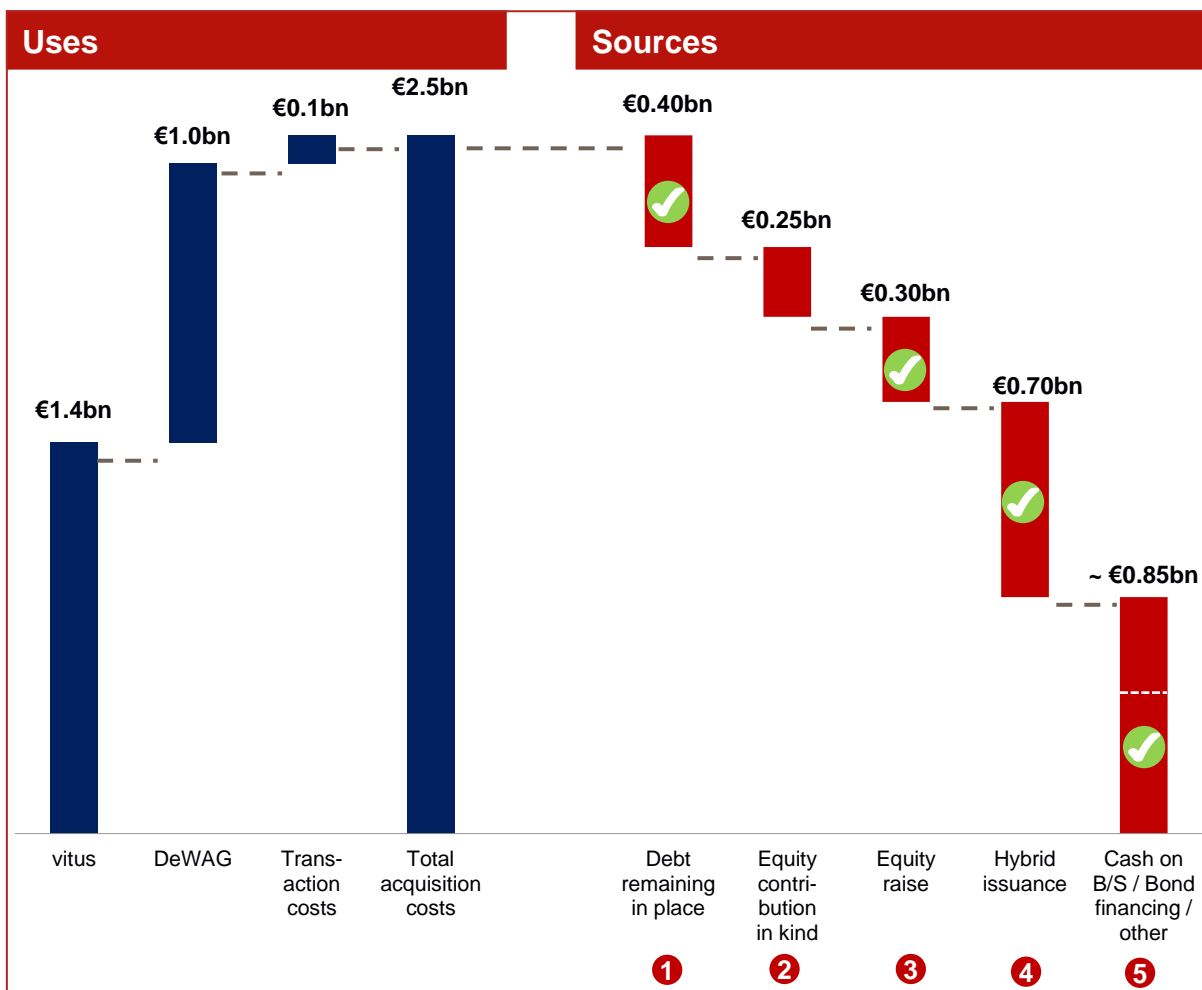


The fast & smooth integration of DeWAG/Vitus is based on best-in-class processes and our scalable platform



Funding for DeWAG and Vitus acquisitions mostly captured at very competitive pricing

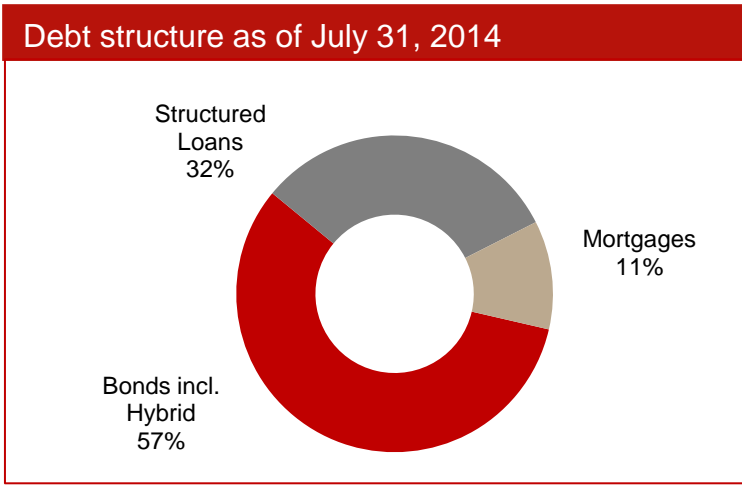
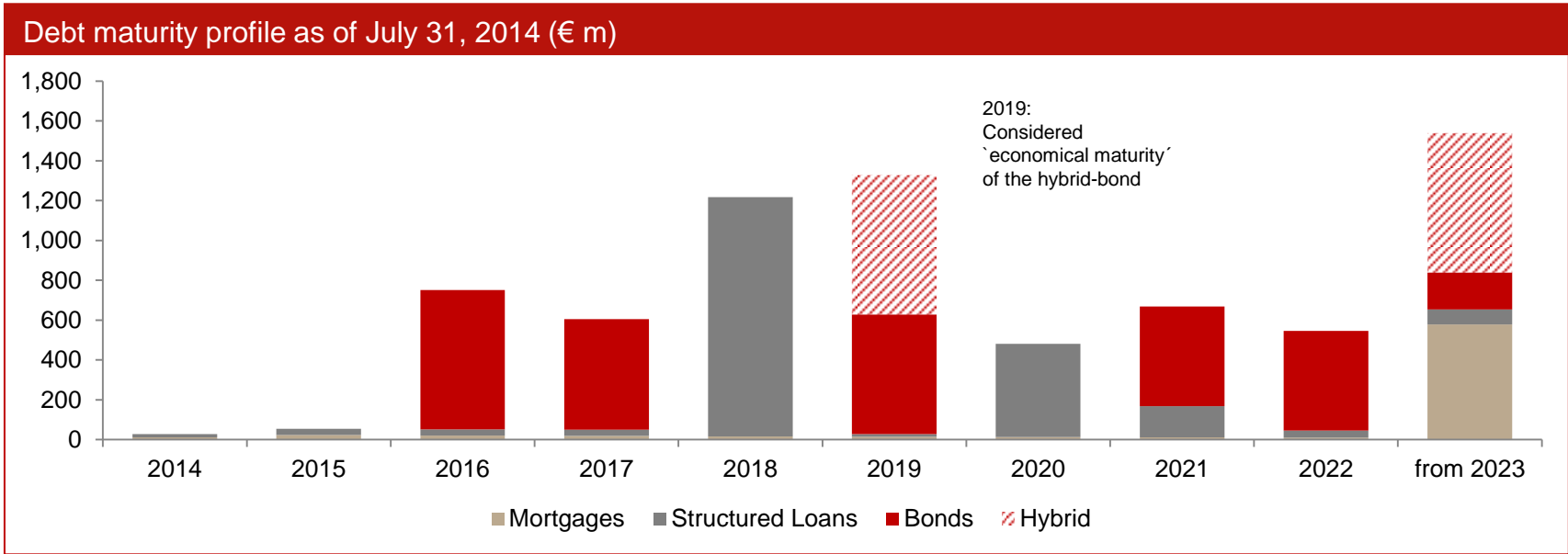
Envisaged financing structure for Vitus and DeWAG



Comments on financing

- 1 € 400m Debt remaining in place – mainly subsidised loans or low-interest bearing debt
- 2 11.8m shares in kind will be issued to Vitus shareholders at closing. Value consideration is DAIGs NAV at YE 2013 of € 21.33
- 3 Raised € 304m primary capital under Deutsche Annington's authorised share capital at March 2013. 16m shares issued at € 19.00
- 4 Issuance of hybrid bond in April 2014, allowing for 50% equity credit, thereby strengthening the combined capital ratios. For details see Q1 2014 presentation
- 5 Cash / bond financing: EUR 500m EMTN issued in July, residual amount to be raised from current cash flow and/or debt capital market instrument in line with Deutsche Annington's strategy of evenly spreading its maturity profile and/or asset disposals

Our best-in-class funding strategy ensures a maximum level of flexibility



Major KPIs as of June 30, 2014

LTV (nominal)	51.2%	c. 50%
Unencumbered assets in %	50%	≥ 50%
Global ICR	2.6x	} Ongoing optimisation with most economical funding
Financing cost	3.3%	

Track Record Highlights

Financing strategy

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 after redemption of an EUR 140m DeWAG loan early July
- 

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)
- 

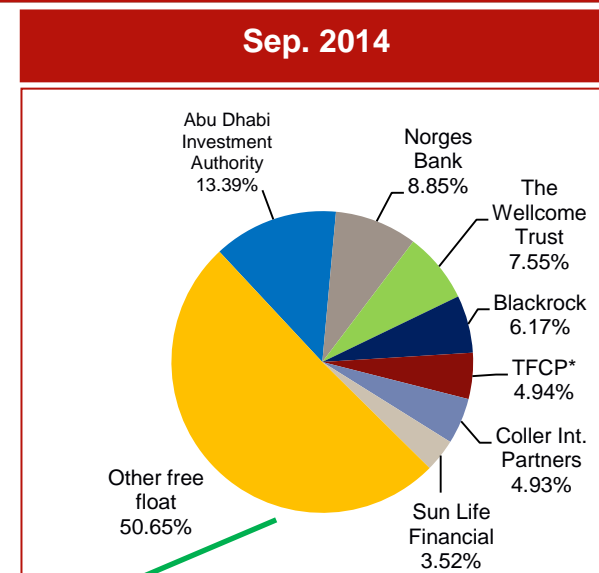
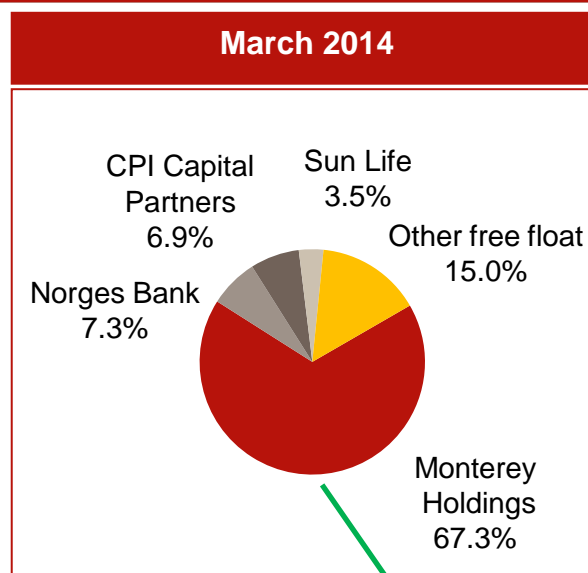
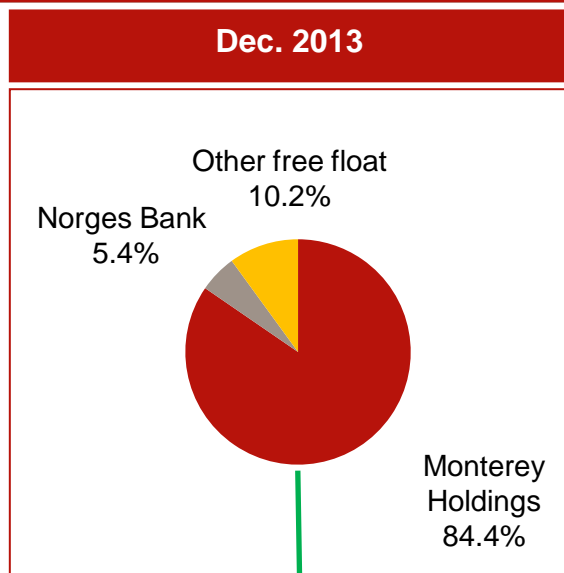
EUR 500m EMTN due 2022 issued in July
competitively and effectively priced at tight 2.125%.
- 

EMTN-program topped-up to EUR 5.0bn, EUR 1.0bn used after recent EMTN placement.
EUR 4.0bn firepower on hand remain within the current EMTN-Program
- 

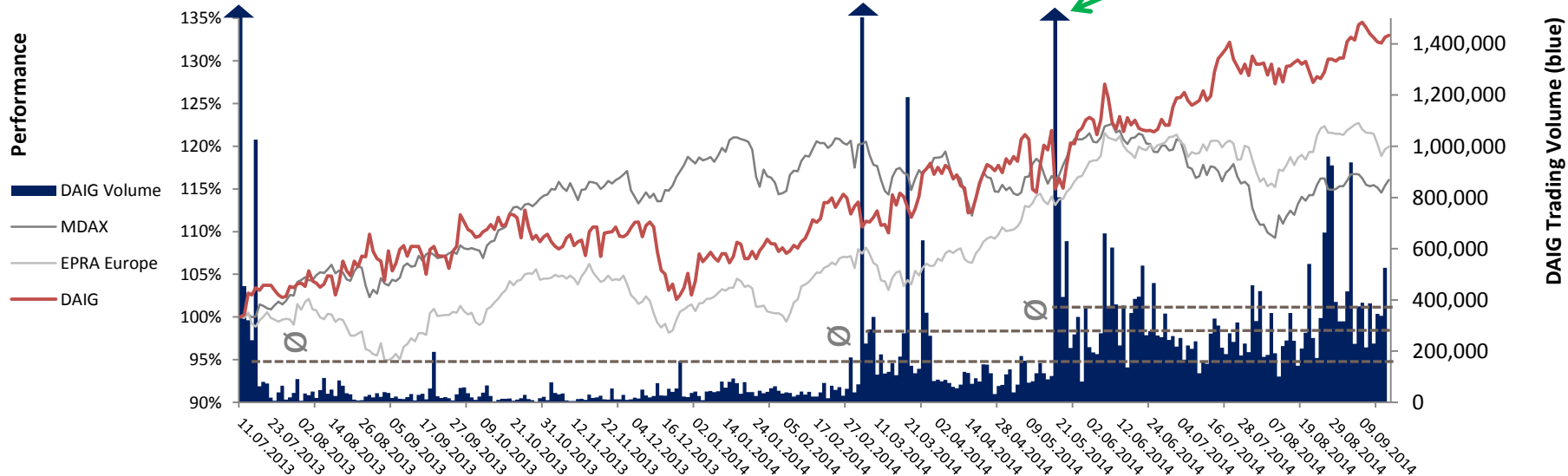
Increased liquidity and free float grant access to equity capital markets
Another 50% authorised capital approved by AGM in May 2014
- 

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.

Significant increase of free float and liquidity after recent placements



* TFCP Capital Investments Limited is further attributed voting rights attached to shares directly held by (i) Monterey Holdings I S.à.r.l. (0.08%), (ii) Terra Firma Investments (DA) Limited (2.34%) and (iii) Terra Firma Investments (DA) II Limited (0.36%). Further, all voting rights attached to shares held by or attributed to TFCP Capital Investments Limited are also attributed to Guy Hands.



Continuing strong corporate governance set-up through new supervisory board structure

Independent Members

Dr Wulf H. Bernotat

Chairman of Board

- Since June 2013
- Former CEO of E.ON SE



Prof. Dr Edgar Ernst

Chairman of Audit Committee

- Since June 2013
- President of Deutsche Prüfstelle für Rechnungslegung DPR e.V.



Clara-Christina Streit

Chairwoman of Finance Committee

- Since June 2013
- Former Senior Partner with McKinsey & Company, Inc.



Hildegard Müller

- Since June 2013
- Chairwoman of the Executive Board of Bundesverband der Energie- und Wasserwirtschaft



Prof. Dr Klaus Rauscher

- Since August 2008
- Business Consultant



Non Independent Members (until August 20th, 2014)

Robert Nicolas Barr

Deputy Chairman of Board

- Since November 2009
- Operational Managing Director of Terra Firma Capital Partners Limited, London



Arjan Breure

- Since December 2010
- Financial Managing Director of Terra Firma Capital Partners Limited, London



Fraser Duncan

- Since February 2001
- Business Consultant



Tim Pryce

- Since June 2013
- CEO of Terra Firma Capital Partners Limited, London



replaced by

New Independent Members (appointed August 21st, 2014)

Manuela Better

- Former CEO of Hypo Real Estate
- Former member of the Executive Board of the HypoVereinsbank Group



Dr Florian Funck

- Member of the Executive Board at Franz Haniel & Cie. GmbH



Christian Ulbrich

- CEO of Jones Lang LaSalle EMEA (Europe, Middle East and Africa)
- Member of the Executive Board of Jones Lang LaSalle Inc.



* Lutz Basse was appointed as member of the supervisory board on August 21st, 2014, and resigned with effect as of September 15th, 2014.

Appendix

H1 2014 key figures confirm positive development

Key Figures

in €m	H1 2014	H1 2013	Change in %
Residential Units k	184.7	179.4	3.0%
Rental income	376.7	364.0	3.5%
Vacancy rate %	3.8%	3.9%	-0.1pp
Monthly in-place rent €/sqm excl. DeWAG	5.49	5.38	2.0%
Adjusted EBITDA Rental	236.0	222.1	6.3%
Adj. EBITDA Rental / unit in €	1,317	1,230	7.1%
Income from disposal of properties	138.9	166.9	-16.8%
Adjusted EBITDA Sales	22.4	19.6	14.3%
Adjusted EBITDA	258.4	241.7	6.9%
FFO 1	130.3	103.4	26.0%
FFO 2	152.7	123.0	24.1%
FFO 1 before maintenance	199.4	174.9	14.0%
AFFO	119.5	91.8	30.2%
Fair value market properties ³	11,369.2	10,326.7	10.1%
NAV ³	5,038.2	4,782.2	5.4%
LTV, in % ³	51.2%	50.2%	+1.0pp
FFO 1 / share in € ^{1.3}	0.54	0.52	4.9%
NAV / share in € ^{1.2.3}	20.97	21.33	-1.7%

1) Based on the shares qualifying for a dividend on the reporting date June 30, 2014: 240,242,425 and June 30, 2013: 200,000,000

2) NAV / share H1 2014 vs YE 2013, based on the shares qualifying for a dividend on the reporting date Jun 30, 2014: 240,242,425 and Dec 31, 2013: 224,242,425

3) H1 2014 vs YE 2013

Adjusted EBITDA Rental up driven by rental segment

Bridge to Adjusted EBITDA

(€m)	H1 2014	H1 2013
Profit for the period	70.0	440.2
Interest expenses / income	142.6	121.5
Income taxes	30.6	185.3
Depreciation	3.4	2.8
Net income from fair value adjustments of investment properties	-20.8	-523.9
EBITDA IFRS	225.8	225.9
Non-recurring items	30.7	14.2
Period adjustments	1.9	1.6
Adjusted EBITDA	258.4	241.7
Adjusted EBITDA Rental	236.0	222.1
Adjusted EBITDA Sales	22.4	19.6

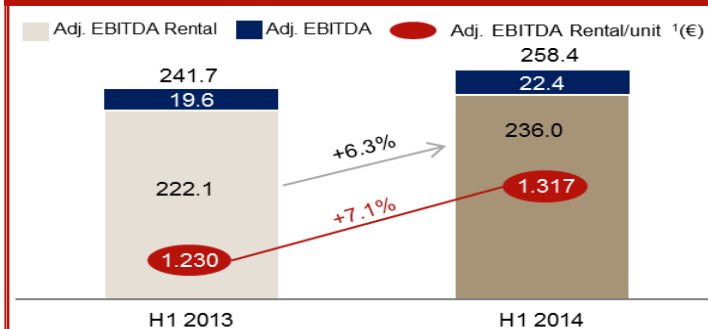
Rental segment

(€m)	H1 2014	H1 2013
<i>Average number of units over the period</i>	179,198	180,562
Rental income	376.7	364.0
Maintenance	-69.1	-71.5
Operating costs	-71.6	-70.4
Adjusted EBITDA Rental	236.0	222.1

Sales segment

(€m)	H1 2014	H1 2013
<i>Number of units sold</i>	1,892	2,587
Income from disposal of properties	138.9	166.9
Carrying amount of properties sold	-120.9	-154.0
Revaluation of assets held for sale	11.3	11.1
Profit on disposal of properties (IFRS)	29.3	24.0
Operating costs	-8.8	-6.0
Period adjustments	1.9	1.6
Adjusted EBITDA Sales	22.4	19.6

Evolution of Adjusted EBITDA (€m)



- Adjusted EBITDA Rental increased by DeWAG contribution, slight rent increase of 2.0% on a like for like level.
- Adjusted EBITDA Rental per unit up by 7.1% due to DeWAG contribution
- Adjusted EBITDA Sales decreased due to reduced sales volumes, while step-ups improved significantly in the privatisation segment
- Non-recurring items reflect costs of closing and integrating DeWAG.

1) Based on average number of units over the period

H1 2014 – P&L development

P&L

(€m)	H1 2014	H1 2013	Change	
			(€m)	%
Income from property letting	542.3	523.2	19.1	3.7
Rental income	376.7	364.0	12.7	3.5
Ancillary costs	165.6	159.2	6.4	4.0
Other income from property management	9.0	9.0	0.0	0.0
Income from property management	551.3	532.2	19.1	3.6
Income from sale of properties	138.9	166.9	-28.0	-16.8
Carrying amount of properties sold	-120.9	-154.0	33.1	-21.5
Revaluation of assets held for sale	11.3	11.1	0.2	1.8
Profit on disposal of properties	29.3	24.0	5.3	22.1
Net income from fair value adjustments of investment properties	20.8	523.9	-503.1	-96.0
Capitalised internal modernisation expenses	34.2	8.7	25.5	293.1
Cost of materials	-246.4	-241.5	-4.9	2.0
Expenses for ancillary costs	-160.6	-159.4	-1.2	0.8
Expenses for maintenance	-61.3	-54.7	-6.6	12.1
Other costs of purchased goods and services	-24.5	-27.4	2.9	-10.6
Personnel expenses	-87.9	-73.5	-14.4	33.7
Depreciation and amortisation	-3.4	-2.8	-0.6	21.4
Other operating income	19.8	19.2	0.6	3.1
Other operating expenses	-74.9	-43.4	-31.5	72.6
Financial income	2.8	7.1	-4.3	-60.6
Financial expenses	-145.0	-128.4	-16.6	12.9
Profit before tax	100.6	625.5	-524.9	-83.9
Income tax	-30.6	-185.3	154.7	-83.5
Current income tax	4.9	2.4	2.5	104.2
Others (incl. deferred tax)	-35.5	-187.7	152.2	-81.1
Profit for the period	70.0	440.2	-370.2	-84.1

Comments

- DeWAG rental income contribution EUR 15.4m

- Lower sales volume of 1.892 units (vs 2.587 units in H1 2013)
- DeWAG sold 109 units @ EUR 19.4m

- Lower sales volume at significantly increased step-up in privatisation of 33.5% (vs 21.4% in H1 2013)

- Increasing contribution of TGS to capitalized maintenance

- Personnel expenses increased mainly due to increased staff level from the ramp-up of the TGS activities

H1 2014 – P&L development (cont'd)

P&L

(€m)	H1 2014	H1 2013	Change	
			(€m)	%
Income from property letting	542.3	523.2	19.1	3.7
Rental income	376.7	364.0	12.7	3.5
Ancillary costs	165.6	159.2	6.4	4.0
Other income from property management	9.0	9.0	0.0	0.0
Income from property management	551.3	532.2	19.1	3.6
Income from sale of properties	138.9	166.9	-28.0	-16.8
Carrying amount of properties sold	-120.9	-154.0	33.1	-21.5
Revaluation of assets held for sale	11.3	11.1	0.2	1.8
Profit on disposal of properties	29.3	24.0	5.3	22.1
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Expenses for maintenance	-61.3	-54.7	-6.6	12.1
Other costs of purchased goods and services	-24.5	-27.4	2.9	-10.6
Personnel expenses	-87.9	-73.5	-14.4	33.7
Depreciation and amortisation	-3.4	-2.8	-0.6	21.4
Other operating income	19.8	19.2	0.6	3.1
Other operating expenses	-74.9	-43.4	-31.5	72.6
Financial income	2.8	7.1	-4.3	-60.6
Financial expenses	-145.0	-128.4	-16.6	12.9
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Current income tax	4.9	2.4	2.5	104.2
Others (incl. deferred tax)	-35.5	-187.7	152.2	-81.1
Profit for the period	70.0	440.2	-370.2	-84.1

Comments

- Increase mainly driven by acquisition und integration costs for DeWAG shown as non-recurring items in the management accounts

- 2013: EUR 5.1m income from S-Loan contribution

- Increase in prepayment penalties (to reach 50% unencumbrance) and commitment fees of EUR -24.1m (2013: EUR -15.2m)

- Valuation effects from financial instruments of EUR -9.7m (2013: EUR +24.1m)

- Deferred tax 2013 driven by valuation uplift of investment properties

Overview of DA's modernisation and maintenance split

Maintenance and modernisation H1 2014 (€m)			Comments
	H1 2014	H1 2013	
Maintenance expenses	69.1	71.5	
Capitalised maintenance	11.0	11.6	
Modernisation work	61.4	6.3	<ul style="list-style-type: none"> Clear increase reflects successful take-off of investment programme: energy efficiency projects in 6800 units & senior living projects in 2000 units started
Total cost of modernisation and maintenance work	141.5	89.4	
Thereof sales of own craftsmen's organisation	78.6	56.7	<ul style="list-style-type: none"> Revenues of in-house craftsmen organisation increased due enlargement of TGS' services to more modernisation projects.
Thereof bought-in services	62.9	32.7	<ul style="list-style-type: none"> Increase mainly due to energetic modernisation
Modernisation and maintenance / sqm [€]	12.36	7.76	

H1 2014 – Balance sheet evolution

Overview

(€m)	June 30, 2014	Dec. 31, 2013
Investment properties	11,320.4	10,266.4
Other non-current assets	84.9	86.2
Total non-current assets	11,405.3	10,352.6
Cash and cash equivalents	329.2	547.8
Other current assets	138.1	192.4
Total current assets	467.3	740.2
Total assets	11,872.6	11,092.8
Total equity attributable to DA shareholders	3,975.9	3,805.5
Non-controlling interests	15.2	12.5
Total equity	3,991.1	3,818.0
Other financial liabilities	5,996.0	5,553.0
Deferred tax liabilities	995.3	925.0
Provisions for pensions and similar obligations	313.8	291.0
Other non-current liabilities	63.2	61.7
Total non-current liabilities	7,368.3	6,830.7
Other financial liabilities	267.8	212.1
Other current liabilities	245.4	232.0
Total current liabilities	513.2	444.1
Total liabilities	7,881.5	7,274.8
Total equity and liabilities	11,872.6	11,092.8

Comments

- Including EUR 1.044 DeWAG Properties

- Decrease in Cash Flow due to pay-out of Dividend (EUR 168m) and Payment of purchase price Dewag

- Moderate increase driven Earning and Placement of Shares, netted for dividend pay-out


- Net increase by takeover of DeWAG debt

Rent increase on track, vacancy yoy slightly decreased

DA Residential Portfolio								
June 30, 2014								
	Units		Area	Vacancy		In-Place Rent		Rent I-f-I*
Portfolio Segment	#	%	('000 sqm)	%	Y-o-Y in %	€m (annualised)	€/sqm	Y-o-Y in %
Operate	72,769	39.4	4,618	3.0	(0.1)	301.4	5.61	+1.5
Upgrade	47,965	26.0	3,031	3.1	+0.1	194.5	5.52	+2.2
Optimise	33,479	18.1	2,129	3.3	+1.3	146.6	5.94	+3.2
RENTAL ONLY	154,213	83.5	9,778	3.1	+0.2	642.4	5.65	+2.1
Privatise	20,790	11.3	1,423	5.0	(0.2)	88.3	5.44	+1.7
Non-Core	9,679	5.2	608	11.9	+0.3	27.6	4.30	+0.9
TOTAL	184,682	100.0	11,809	3.8	(0.1)	758.3	5.56	+2.0

* excluding DeWAG

Investment Process

	Year 1	Year 2	Year 3	
Heat insulation	Investment Definition & Decision			
		Construction of vintage year 2		
			Rent increases of vintage year 2	
Heating system	Investment Definition & Decision			
		Construction of vintage year 2		
			Rent increases of vintage year 2	
Apartments	Investment Definition & Decision			
		Construction of vintage year 2		
			Rent increases of vintage year 2	

Significant efficiency gains by thorough product standards from apartment modernization to new construction

Product standardization is a cornerstone of the industrialization of DA's construction processes

Apartments

Example: progressive standardization of bathrooms

1. Implementation of private brand for ceramics and armatures
2. Concept for DAIG standard bathroom types
3. Development and implementation of a fixed price complete bathroom solution for sitting tenants

Next steps: White label products for central heating systems and construction chemistry products

Buildings

Example: Development of a supply chain optimization through standardization of windows

- Preproduction of standardized windows in eastern Europe
- Central delivery
- Installation by own craftsmen organization

Further potentials: doors and balconies

New construction

Example: Standardized attic conversions in Darmstadt

- Prefabricated modules allow for a on-site installation time reduction of up to 50%
- Significant cost reduction and thus enlargement of attic conversion potential

Further potentials: doors, balconies and new construction

Alignment of product standards with:

- Local demand
- Demographic trends
- Internal letting processes

Exploitation of purchasing power by central procurement

Installation by own craftsmen organization TGS

Significant synergy potential with Deutsche Annington management and ownership

Property Related Improvements	Rents	<ul style="list-style-type: none"> Catch-up to market rent and increase rental growth by improved letting effort (both) Planned vacancy reduction of 0.5pp in vacancy rate – target reached after two years (DeWAG) 	<table border="1"> <thead> <tr> <th><u>Vitus</u></th> <th><u>DeWAG</u></th> <th><u>Combined</u></th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>Year 1</td> <td>Year 1</td> </tr> <tr> <td>€1m</td> <td>+ €6m</td> <td>= €7m</td> </tr> <tr> <td>Year 2</td> <td>Year 2</td> <td>Year 2</td> </tr> <tr> <td>€10m</td> <td>+ €9m</td> <td>= €19m</td> </tr> <tr> <td>Year 3</td> <td>Year 3</td> <td>Year 3</td> </tr> <tr> <td>€15m</td> <td>+ €10m</td> <td>= €25m</td> </tr> <tr> <td colspan="3" style="text-align: center;">Up to € 8m</td> </tr> </tbody> </table>	<u>Vitus</u>	<u>DeWAG</u>	<u>Combined</u>	Year 1	Year 1	Year 1	€1m	+ €6m	= €7m	Year 2	Year 2	Year 2	€10m	+ €9m	= €19m	Year 3	Year 3	Year 3	€15m	+ €10m	= €25m	Up to € 8m		
	<u>Vitus</u>	<u>DeWAG</u>		<u>Combined</u>																							
	Year 1	Year 1		Year 1																							
€1m	+ €6m	= €7m																									
Year 2	Year 2	Year 2																									
€10m	+ €9m	= €19m																									
Year 3	Year 3	Year 3																									
€15m	+ €10m	= €25m																									
Up to € 8m																											
Costs	<ul style="list-style-type: none"> Reduce Bad Debt to DAIG's target of 1% of NCR over the first two years (Vitus) Reduce Non-Recoverable Vacancy Costs to DAIG's levels (DeWAG) 																										
Modernisation	<ul style="list-style-type: none"> Higher average rental growth and slightly lower Maintenance costs due to investment activities (both) Identified investment opportunities of c. €65m through due diligence phase (both) 																										
Administration Improvements	Property Management Costs	<ul style="list-style-type: none"> DAIG's scalable management platform allows significant headcount and administration cost synergies (both) Units managed at DAIG's low marginal costs (both) No takeover of DeWAG personal 																									
Financing Improvements	Lower Interest (assumption driven)	<ul style="list-style-type: none"> Potential synergies due to DAIG's significant lower refinancing costs. (both) BBB rating and unsecured financing allows refinancing at c. 1.0pp better than existing (both) 																									

Rating: investment grade rating from S&P

- Corporate investment grade rating

Rating agency	Rating	Outlook	Last Update
Standard & Poor's	BBB	Stable	18 June 2014

- Bond ratings

	Amount	Issue Price	Coupon	Maturity Date	Rating
3 years 2.125% Euro Bond	€ 700m	99.793%	2.125%	25 July 2016	BBB
6 years 3.125% Euro Bond	€ 600m	99.935%	3.125%	25 July 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 July 2022	BBB
60 years 4,625% Hybrid	€ 700m	99.782%	4.625%	8 Apr 2074	BB+

*EUR-equivalent re-offer yield

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IR Contact & Financial Calendar

Contact	Financial Calendar H2 2014	
Investor Relations	August 4-5	Management Roadshow, London
Deutsche Annington Immobilien SE	August 6	Management Roadshow, Brussels
Philippsstraße 3	August 7	Management Roadshow, Amsterdam
44803 Bochum, Germany	Sep 9	Management Roadshow, Boston
Tel.: +49 234 314 1609	Sep 10-11	BAML Conference, New York
investorrelations@deutsche-annington.com	Sept 17	DAIG Capital Markets Day
http://www.deutsche-annington.com	Sep 22	Berenberg/GS Conference, Munich
	Sep 23	Baader Bank Conference, Munich
	Sep 25	EPRA Conference, London
	Oct 1	SocGen Conference, London
	Oct 30	DAIG Interim Report Jan.-Sept. 2014
	Oct 31	Management Roadshow, location tbc
	Nov 4-5	Management Roadshow, London
	Nov 12	Management Roadshow, location tbc
	Dec 1	Berenberg Conference, Penny Hill (UK)