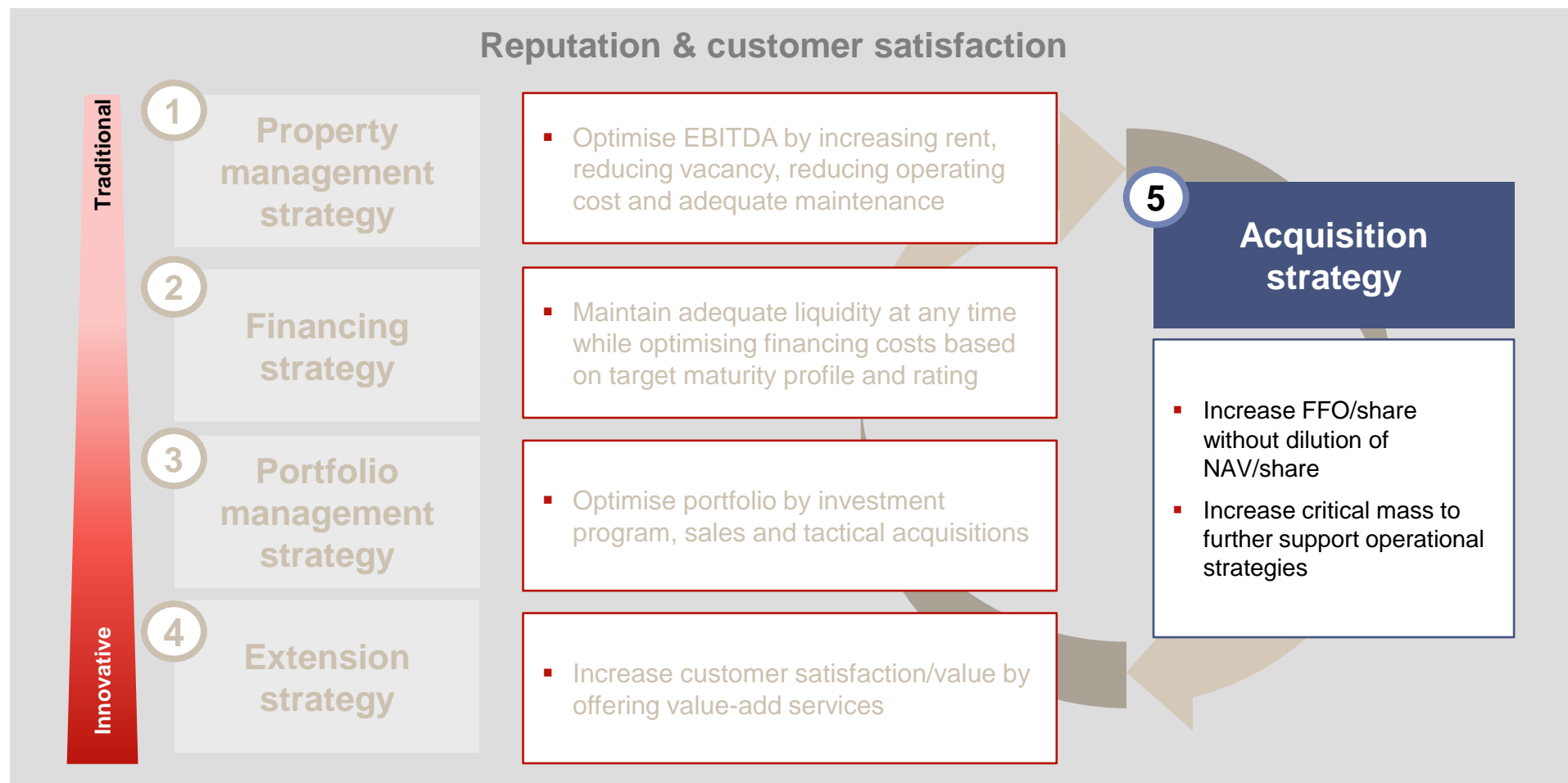


Franconia Portfolio

Acquisition of 5,042 residential and 209 commercial units with a focus on Berlin

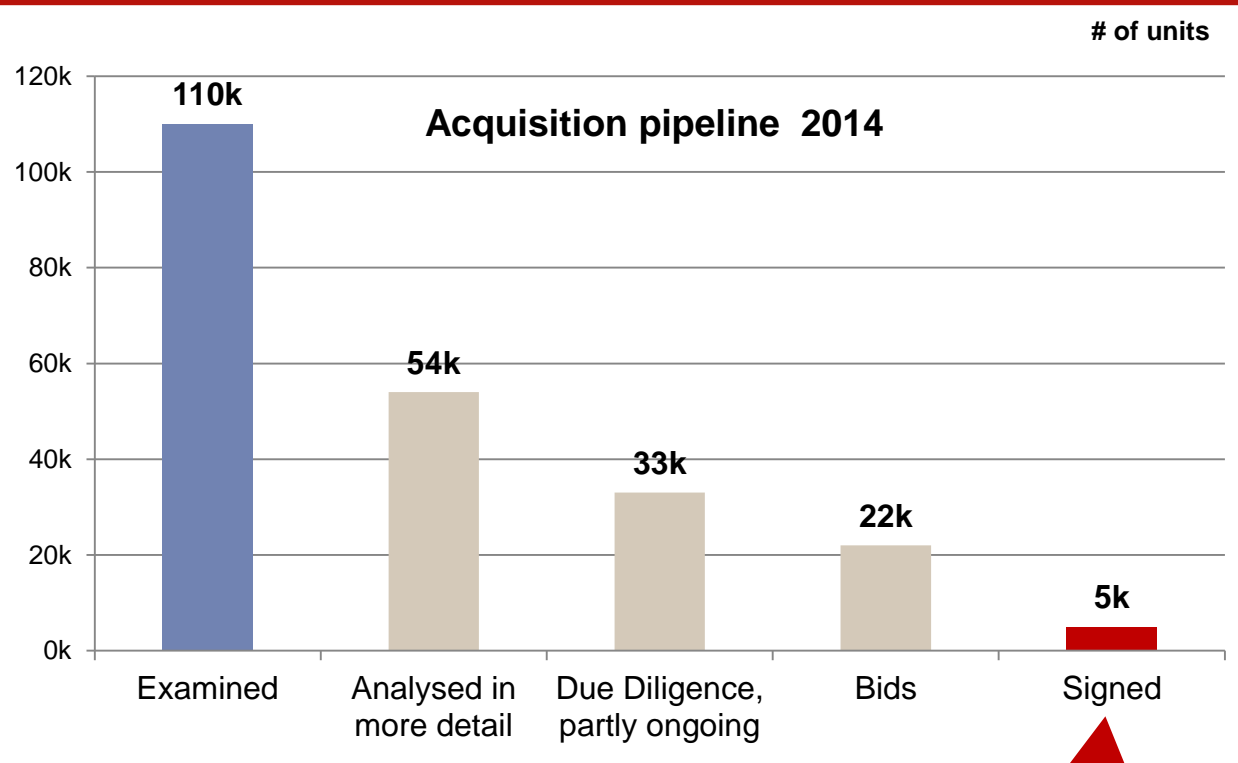
September 2, 2014





Continuing strong deal flow, attractive Franconia portfolio secured

Flow of attractive portfolios remains steadily high in 2014



**Franconia portfolio
with 5,042 residential units**

- The flow of attractive portfolios remains very stable
- After the successful and fast DeWAG integration and being fully on track for the Vitus integration, new acquisition opportunities continue to be pursued as demonstrated by Deutsche Annington's strong pipeline
- For every acquisition we continue to have a disciplined approach. The preconditions for any purchase are:

- **Fit to portfolio**
- **FFO/share accretion**
- **NAV/share at least neutral**
- **Maintaining our BBB rating**

Acquisition of Franconia portfolio evidences our unique ability to act

- Franconia portfolio was signed on August 29th, 2014 at attractive conditions (14.4x NCR). Sellers are CitCor Residential Group (CitCor), a joint venture of Citigroup Property Investors and CORPUS SIREO.
- Closing is scheduled for year end. Integration to be fully completed in first half of 2015.
- Sizeable portfolio (5,042 residential units), strengthening Deutsche Annington's presence in locations like Berlin, Dresden, Leipzig and Erfurt
- The attractive portfolio is accretive to our strategy and KPIs
- Funding driven by maintaining Deutsche Annington's BBB investment grade rating (stable outlook) at most favorable conditions available
- Deal evidences our unique ability to act:
 - Deutsche Annington's rating, with our ability to raise corporate bond financing, allows us to close out transactions quickly
 - This deal demonstrates our position as a preferred buyer of portfolios where transaction security can often be just as important as pricing

The Franconia portfolio fulfills Deutsche Annington's acquisition criteria in all aspects

Acquisition Criteria

+ Strategic fit

- Majority of portfolio in growth regions
Berlin, Dresden, Erfurt and Leipzig

+ FFO / share

- FFO/share accretive
- Cost efficient integration



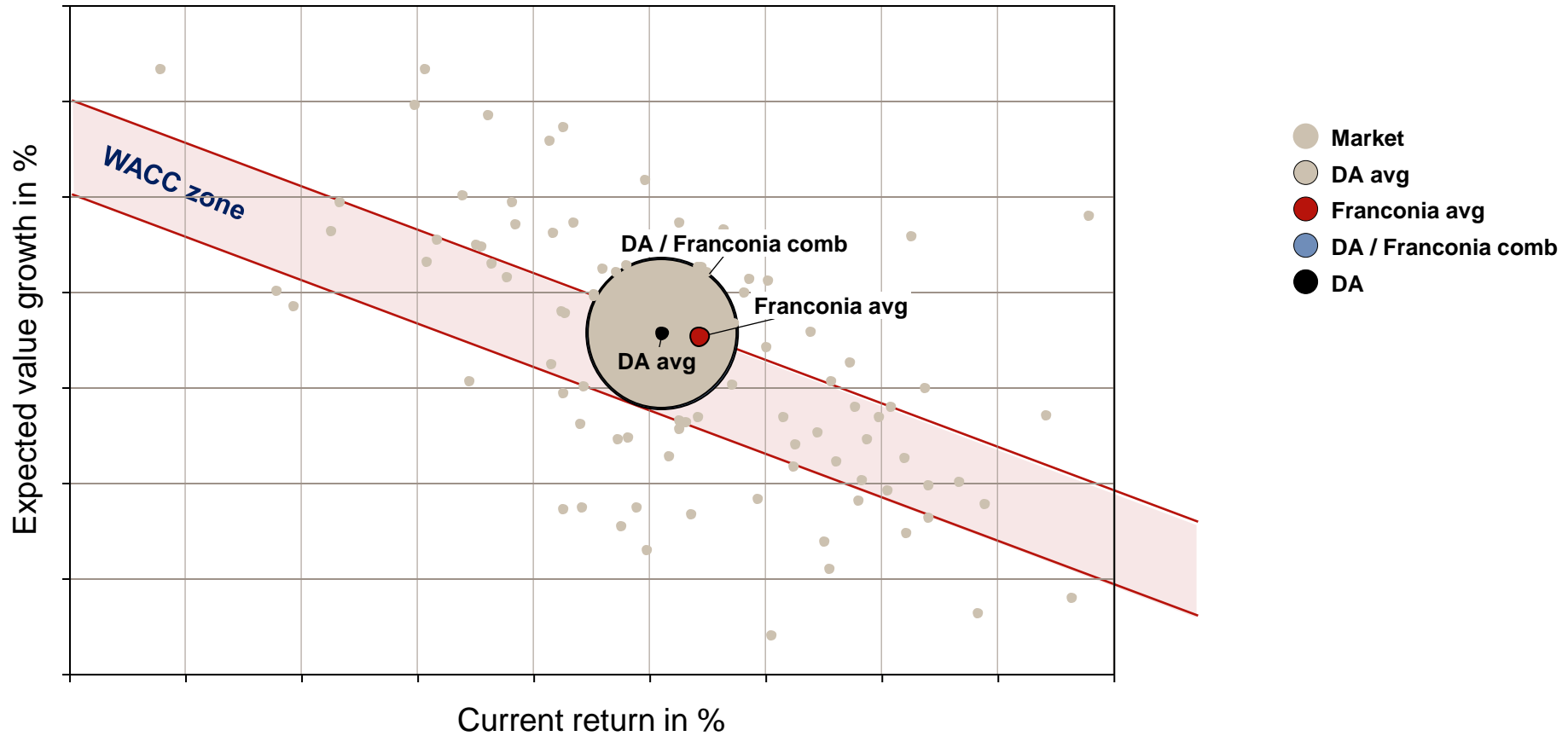
≥ NAV / share

- NAV/share slightly accretive

✓ BBB Rating (stable)

- Investment grade rating not at risk,
independent of final funding
structure

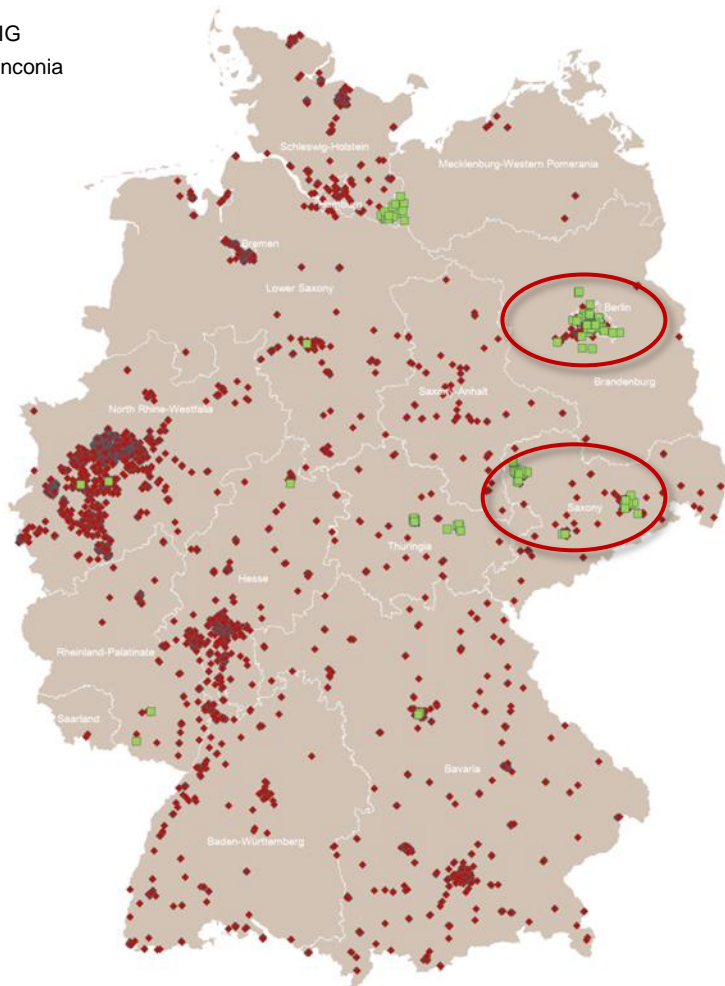
Franconia perfectly fits into our portfolio strategy



Franconia portfolio strengthens our presence in locations like Berlin, Dresden, Erfurt and Leipzig

Geographical split of enhanced portfolio

- ◆ DAIG
- Franconia

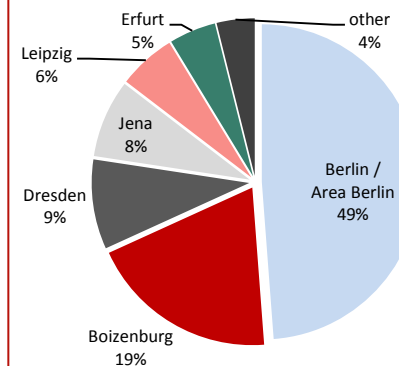


Portfolio Comparison¹

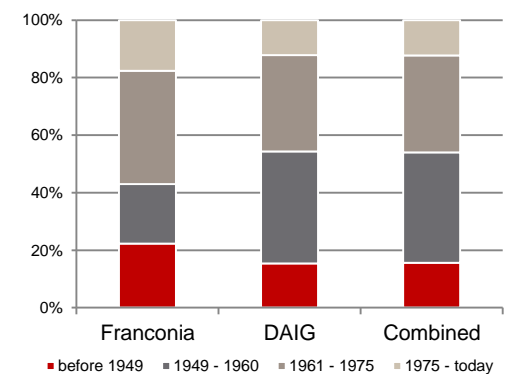
	Franconia	DAIG	Combined
Number of residential units	5.042	216.789	221.831
Vacancy	4.8%	3.6%	3.6%
Rent/sqm (€)	5.52	5.40	5.40
Net Cold Rent (€ p.a.)	22.4	897.6	920.0
Multiple ²	14.4x	14.3x	14.3x

Portfolio Splits

Top Locations



By Age



¹ Franconia figures as of 31.07.2014, DAIG as of 31.12.2013 incl. DeWAG + Vitus (used for comparison purposes)

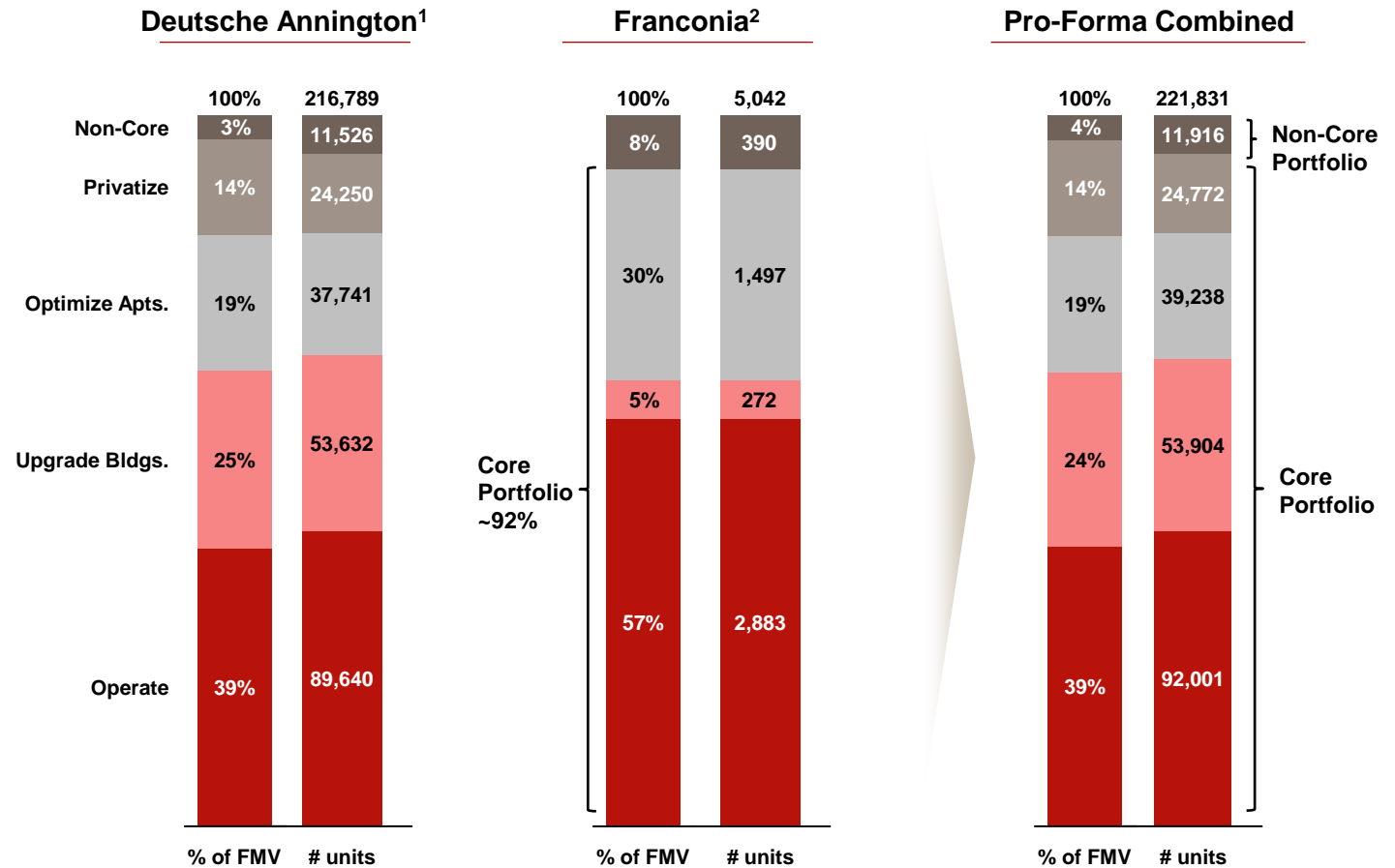
² DAIG valuation multiple; Franconia transaction multiple

Compelling upside potential in 35% of the portfolio: 272 „Upgrade Buildings“ units, 1,497 „Optimize Apartments“

Comments

- All 5,042 residential units have been analyzed on-site and more than 70 parameters were collected.
- High portion of “Operate” segment as significant modernization efforts already happened.
- The “Upgrade Buildings“-segment is mostly located in Berlin.
- Likewise the “Optimize apartment” segment is also mainly located in Berlin.

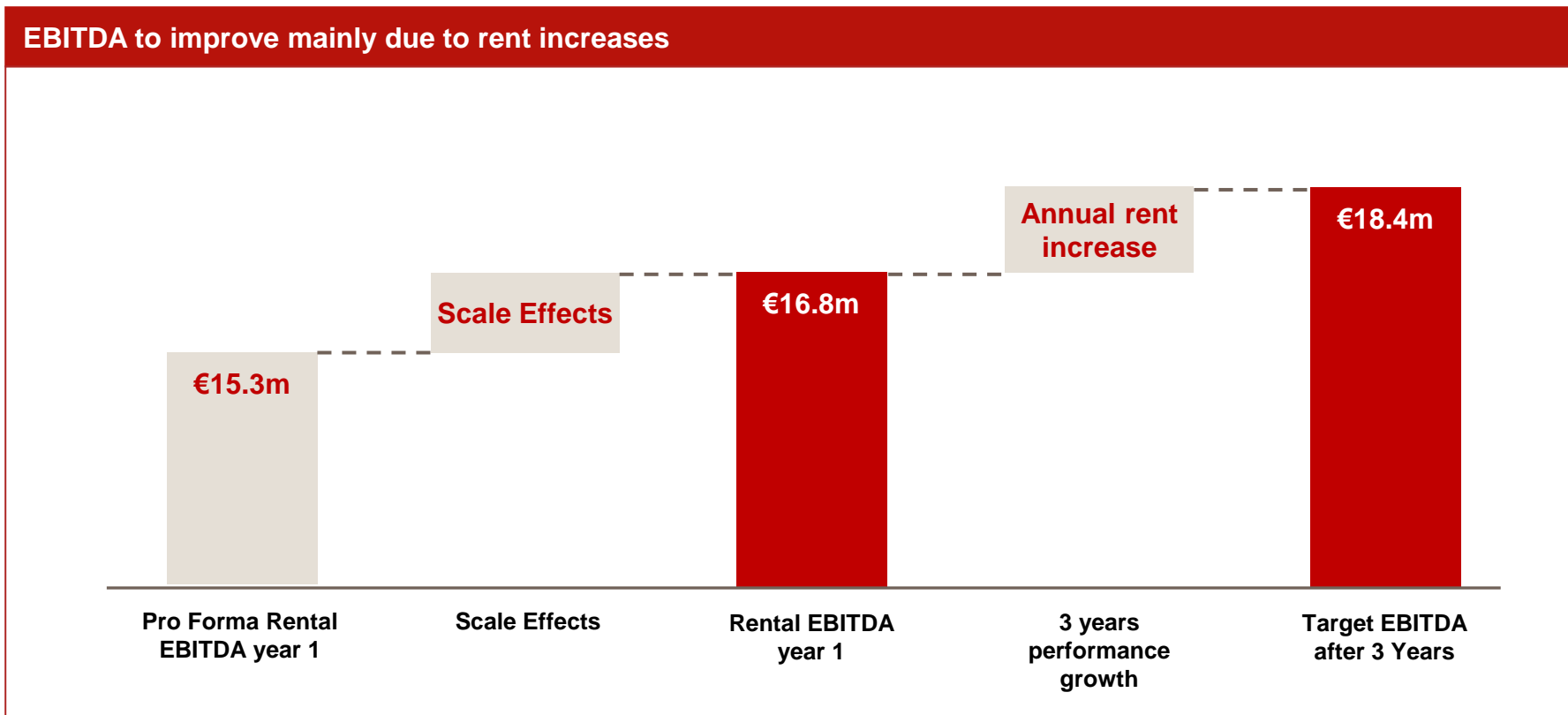
Pro-Forma Portfolio Segmentation



¹ DAIG as of 31.12.2013 incl. DeWAG + Vitus (used for comparison purposes)

² Franconia as of 31.07.2014

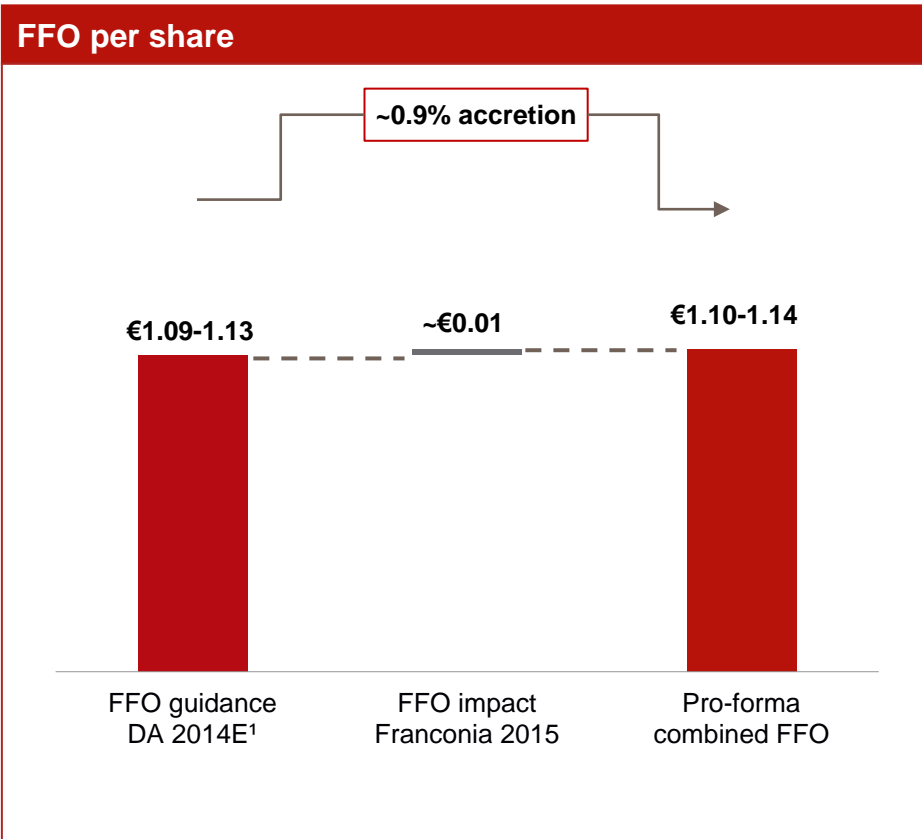
Franconia portfolio delivers steady EBITDA growth



Resulting FFO I Yield of more than 8% after 3 years

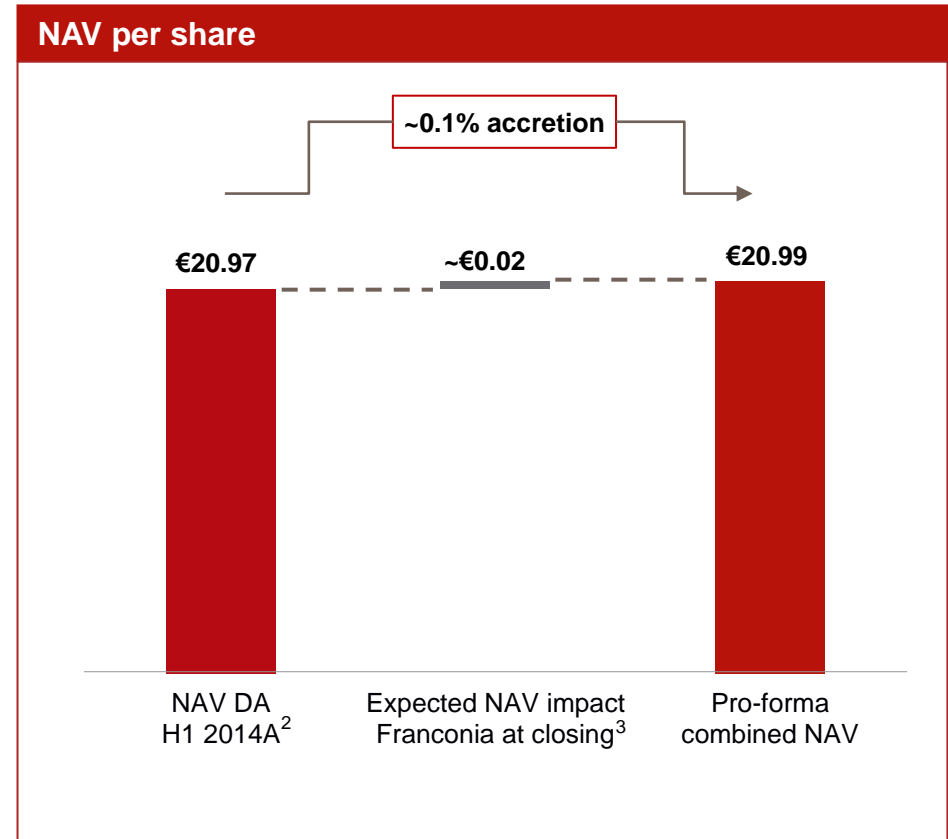
Note: DAIG Financing with the assumption of 50% Equity/Debt Financing on a long term basis

The acquisition is FFO/share and NAV/share accretive



FFO/share accretive

¹ Based on €275-285mm FFO1 guidance for 2014



NAV/share slightly accretive

² Based on reported NAV H1 Earnings 2014

³ NAV impact as of Transaction Closing (excluding Transaction Costs)

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