



# Deutsche Wohnen AG

» **Full year results 2012**

**Conference Call, 26 March 2012**

## » Agenda

- 1 **Key figures 2012**
- 2 **Development of business segments / financial performance and position**
- 3 **Guidance 2013, integration and further outlook**
- 4 **Q & A**

## » **Key figures 2012**

## » Key figures 2012

### Results (y-o-y)

• <b>Adjusted EBT</b>	<b>EUR 78.5m</b>	<b>+ 71%</b>
• <b>Recurring FFO (w/o disposals)</b>	<b>EUR 68.2m</b>	<b>+ 44%</b>
• EPRA NAV	12.48 EUR/share	+ EUR 0.98 per share <sup>1)</sup>
• LTV	57.2%	

### Residential Property Management (y-o-y)

• <b>Strategic core and growth regions (letting portfolio)</b>		
• In-place rent	5.54 EUR/sqm	like-for-like: + 2.6%
• Vacancy	1.8%	
• <b>Core+ regions (letting portfolio)</b>		
• In-place rent	5.73 EUR/sqm	<b>like-for-like: + 2.8%</b>
• New-letting rent <sup>2)</sup>	7.16 EUR/sqm	
• Rent-potential <sup>2)</sup>	21.6%	
• <b>NOI</b>	<b>EUR 172.2m</b>	<b>+ 22%</b>

### Disposals (y-o-y)

• <b>Earnings from Disposals</b>	<b>EUR 19.9m</b>	<b>+ 88%</b>
• Privatisation (1,632 units)	EUR 19.9m	
• Institutional sales (1,377 units)	EUR 0.0m	

### Nursing & Assisted Living

• Earnings from Nursing and Assisted Living	EUR 9.9m
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1) EPRA NAV Dec11 scrip adjusted for capital increase 2012 (scrip factor: 1.03)

2) Excluding BauBeCon

» **Development of business segments / financial performance and position**

» Adjusted EBITDA increased by ~ EUR 39m / + 27% (y-o-y)

in EUR m	2012	2011
Earnings from Residential Property Management	194.4	157.4
Earnings from Disposals	19.9	10.6
Earnings from Nursing and Assisted Living	9.9	9.2
<b>Segment contribution margin</b>	<b>224.2</b>	<b>177.2</b>
Corporate expenses	-40.4	-32.9
Other operating expenses/income	12.7	-2.3
<b>EBITDA</b>	<b>196.5</b>	<b>142.0</b>
Settlement on loss compensation	-20.3	0.0
Integration costs BauBeCon	4.4	0.0
<b>EBITDA (adjusted)</b>	<b>180.6</b>	<b>142.0</b>

Thereof		2012
Settlement on loss compensation	EUR	20.3
Integration costs BauBeCon	EUR	-4.4
Other	EUR	-3.2

## **a) Segment – Residential Property Management**

## » Ongoing increased earnings and cash contribution from letting

		in EUR m	
		2012	2011
<b>Earnings from letting:</b> <b>+ EUR 37.0m</b>	<b>Current gross rental income</b>	<b>240.1</b>	<b>196.4</b>
	Non-recoverable expenses	-4.1	-5.8
	Rental loss	-3.0	-1.9
	Maintenance	-34.7	-29.6
	Others	-3.9	-1.7
<b>Earnings from Residential Property Management</b>		<b>194.4</b>	<b>157.4</b>

<b>NOI/sqm/month</b> <b>+ 3.1%</b>	Personnel and general and administration expenses	-22.2	-16.8
	<b>Net Operating Income (NOI)</b>	<b>172.2</b>	<b>140.6</b>
	NOI Margin	71.7%	71.6%
	NOI in EUR per sqm and month <sup>1)</sup>	4.00	3.88
	<b>Increase</b>	<b>3.1%</b>	

		in EUR m	
		2012	2011
<b>Cash flow</b> <b>+ 38.1%</b>	Net Operating Income (NOI)	172.2	140.6
	Cash interest expenses	-87.0	-78.9
	<b>Cash flow from portfolio after cash interest expenses</b>	<b>85.2</b>	<b>61.7</b>
	<b>Increase</b>	<b>38.1%</b>	

- The current gross rental income comprises four months rental income of EUR 31.2 m for the BauBeCon portfolio
- NOI increased by EUR 31.6m (22%) due to higher current gross rental income of EUR 43.7m while costs increased by only EUR 12.1m
- NOI/sqm/month increased by 3.1% y-o-y, while keeping maintenance expenses constant at ~ 10 EUR per sqm p.a.
- Further improvement expected after full integration of BauBeCon

<sup>1)</sup> Based on average quarterly floor space  
(BauBeCon included in Q3/2012 for one month)



» **Portfolio overview: 96% of total Fair Value is located in strategic core and growth regions**

31/12/2012	Residential units #	Share in terms of units %	Area k sqm	Fair Value EUR m	Share in terms of Fair Value %	Fair Value EUR/sqm	Multiple in-place rent	Multiple market rent
<b>Total</b>	<b>72,416</b>	<b>100%</b>	<b>4,425</b>	<b>4,320</b>	<b>100%</b>	<b>950</b>	<b>14.3</b>	<b>12.4</b>
<b>Strategic core and growth regions</b>	<b>67,581</b>	<b>93%</b>	<b>4,114</b>	<b>4,148</b>	<b>96%</b>	<b>981</b>	<b>14.5</b>	<b>12.6</b>
Letting portfolio	62,029	86%	3,743					
Privatisation	5,552	8%	371					
<b>Core<sup>+</sup></b>	<b>45,857</b>	<b>63%</b>	<b>2,731</b>	<b>3,036</b>	<b>70%</b>	<b>1,080</b>	<b>15.3</b>	<b>13.0</b>
Letting portfolio	42,706	59%	2,520					
Privatisation	3,151	4%	211					
<b>Core</b>	<b>21,724</b>	<b>30%</b>	<b>1,383</b>	<b>1,111</b>	<b>26%</b>	<b>785</b>	<b>12.7</b>	<b>11.7</b>
Letting portfolio	19,323	27%	1,223					
Privatisation	2,401	3%	160					
<b>Non-core</b>	<b>4,835</b>	<b>7%</b>	<b>311</b>	<b>173</b>	<b>4%</b>	<b>540</b>	<b>10.5</b>	<b>9.0</b>
Disposal	2,242	3%	146					
Other	2,593	4%	165					

- The summary table above excludes ~ 10,300 units valued at ~ EUR 480m with transfer of risks and rewards in January and February 2013

→ Annualised current gross rental income of the entire portfolio<sup>1)</sup> for 2013 ~ EUR 339m

- For detailed information regarding in-place rent/vacancy please refer to page 40 and 41

1) Incl. commercial units and parking

» 70% of total Fair Value is located in core+ regions: our 'stars'

31/12/2012	Residential units	Share in terms of units	Area	Fair Value	Share in terms of Fair Value	Fair Value	Multiple in-place rent	Multiple market rent
	#	%	k sqm	EUR m	%	EUR/sqm		
<b>Core+</b>	<b>45,857</b>	<b>63%</b>	<b>2,731</b>	<b>3,036</b>	<b>70%</b>	<b>1,080</b>	<b>15.3</b>	<b>13.0</b>
Letting portfolio	42,706	59%	2,520					
Privatisation	3,151	4%	211					
Greater Berlin	34,962	48%	2,065	2,178	50%	1,035	15.2	13.0
Letting portfolio	33,112	46%	1,947					
Privatisation	1,850	2%	118					
Rhine-Main	9,275	13%	558	727	17%	1,223	15.4	12.9
Letting portfolio	8,142	11%	481					
Privatisation	1,133	2%	77					
Rhineland	1,620	2%	108	131	3%	1,170	15.3	12.7
Letting portfolio	1,452	2%	92					
Privatisation	168	0%	16					

Core+ regions = 'stars' representing 63% of total units

- Comprise the most dynamic markets with the strongest rental growth
- Rhine-Main includes Frankfurt/Main
- Vast majority of Rhineland is located in Dusseldorf

» 26% of total Fair Value is located in core regions: our 'cash cows'

31/12/2012	Residential units	Share in terms of units	Area	Fair Value	Share in terms of Fair Value	Fair Value	Multiple in-place rent	Multiple market rent
	#	%	k sqm	EUR m	%	EUR/sqm		
<b>Core</b>	<b>21,724</b>	<b>30%</b>	<b>1,383</b>	<b>1,111</b>	<b>26%</b>	<b>785</b>	<b>12.7</b>	<b>11.7</b>
Letting portfolio	19,323	27%	1,223					
Privatisation	2,401	3%	160					
Hanover/Brunswick/Magdeburg	9,007	12%	576	465	11%	787	12.5	11.9
Letting portfolio	8,106	11%	517					
Privatisation	901	1%	59					
Rhine Valley South	4,952	7%	309	280	6%	873	13.6	12.3
Letting portfolio	4,653	6%	290					
Privatisation	299	0%	19					
Rhine Valley North	2,944	4%	191	144	3%	755	12.4	11.3
Letting portfolio	2,798	4%	181					
Privatisation	146	0%	10					
Central Germany	2,003	3%	125	95	2%	729	12.4	11.5
Letting portfolio	2,003	3%	125					
Privatisation								
Others <sup>1)</sup>	2,818	4%	182	127	3%	693	11.8	10.6
Letting portfolio	1,763	2%	110					
Privatisation	1,055	1%	72					

Core regions = 'cash cows' representing 30% of total units

- Comprise the markets with moderate rental growth/stable rental growth projections
- Central Germany: Includes Dresden, Leipzig, Halle (Saale) and Erfurt

1) Mainly Kiel/Luebeck

## » Compelling like-for-like rental growth y-o-y in our core+ regions

### In-place rent (like-for-like) and vacancy (like-for-like)

(like-for-like)	Residential units	In-place rent <sup>1)</sup> EUR/sqm		Δ in % y-o-y	Vacancy in %	
		31/12/2012	31/12/2011		31/12/2012	31/12/2011
<b>Strategic core and growth regions (letting portfolio)</b>	<b>42,353</b>	<b>5.78</b>	<b>5.63</b>	<b>2.6%</b>	<b>1.3%</b>	<b>1.6%</b>
<b>Core+</b>	<b>34,202</b>	<b>5.91</b>	<b>5.74</b>	<b>2.8%</b>	<b>1.3%</b>	<b>1.5%</b>
Greater Berlin	25,213	5.63	5.47	2.9%	1.1%	1.4%
Rhine-Main	7,833	6.75	6.58	2.7%	1.6%	2.1%
Rhineland	1,156	6.24	6.11	2.1%	0.8%	0.9%
<b>Core</b>	<b>8,151</b>	<b>5.27</b>	<b>5.19</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.7%</b>
Hanover/Brunswick/Magdeburg	0	n/a	n/a	n/a	n/a	n/a
Rhine Valley South	4,653	5.39	5.29	1.7%	1.4%	1.4%
Rhine Valley North	2,798	5.09	5.06	0.6%	0.8%	1.6%
Central Germany	174	6.08	6.08	0.0%	2.0%	3.6%
Others	526	4.89	4.72	3.6%	5.7%	4.4%
Privatisation	3,218	5.60	5.55	0.9%	5.9%	1.8%
Non-core	2,150	4.83	4.80	0.7%	6.1%	5.7%
<b>Total</b>	<b>47,721</b>	<b>5.72</b>	<b>5.59</b>	<b>2.4%</b>	<b>1.8%</b>	<b>1.8%</b>

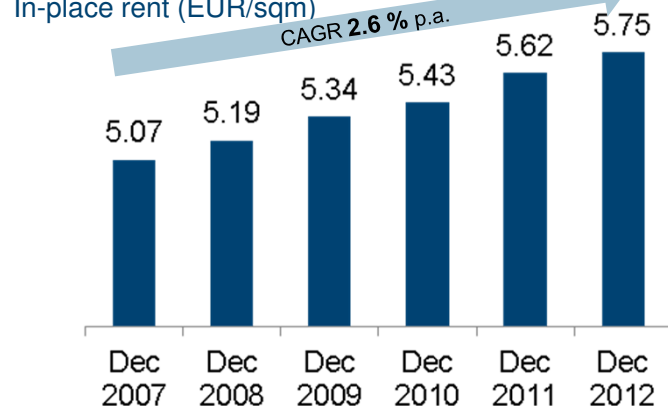
- Strong rental growth in our strategic core and growth regions
  - › **Core+ regions** with compelling rental growth (l-f-l) - even in a twelve month-period with very limited ‚Mietspiegel‘-effect - and a very low vacancy rate → ‘stars‘
  - › **Core regions** with moderate rental growth (l-f-l) and also a very low vacancy rate → ‘cash cows‘

<sup>1)</sup> Contractually owed rent from rented apartments divided by rented area

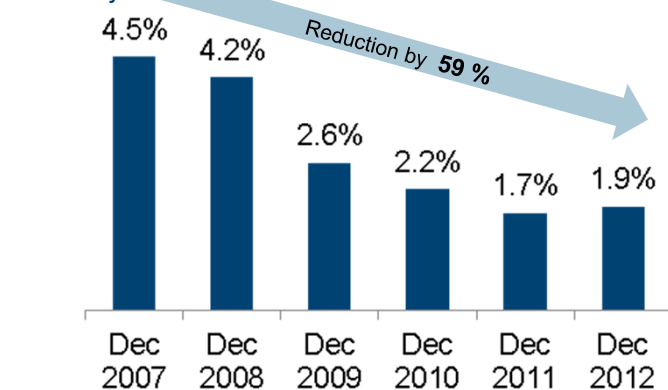
## » Strong like-for-like development since GEHAG merger

### Total portfolio

In-place rent (EUR/sqm)



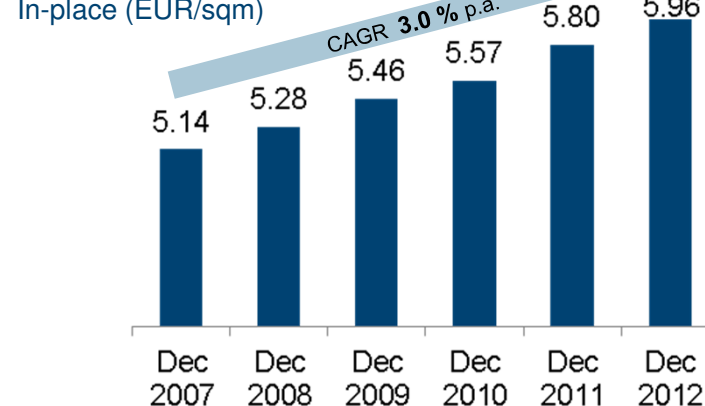
Vacancy



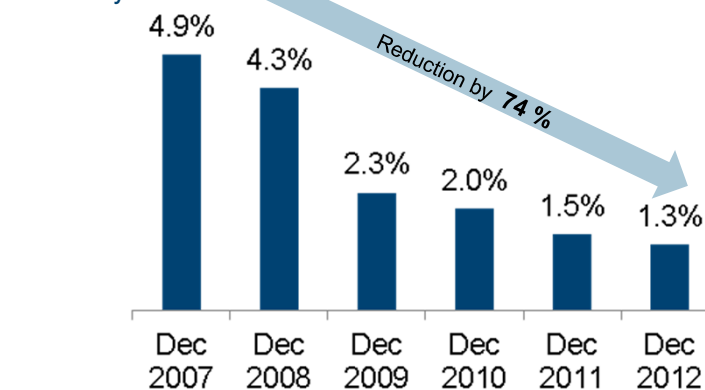
- Comprises ~ 40,600 units under management since Dec 07
- Avg. growth of in-place rent (2.6% p.a.) translates into:
  - + EUR 0.68 per sqm per month higher in-place rent
  - + EUR 20.3m higher current gross rental income p.a.

### Letting portfolio core+ regions

In-place (EUR/sqm)



Vacancy



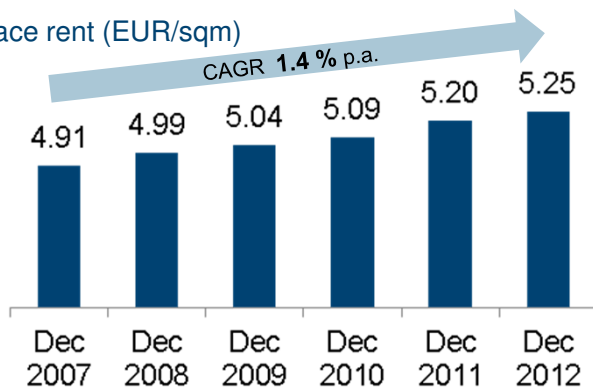
- Comprises ~ 28,400 units under management since Dec 07
- Avg. growth of in-place rent (3.0% p.a.) translates into:
  - + EUR 0.82 per sqm per month higher in-place rent
  - + EUR 16.7m higher current gross rental income p.a.

Note: Above time series analysis are based on a like-for-like comparison, i.e. only comprises units under management since December 2007 without taking into account any acquisitions/disposals in the period under review.

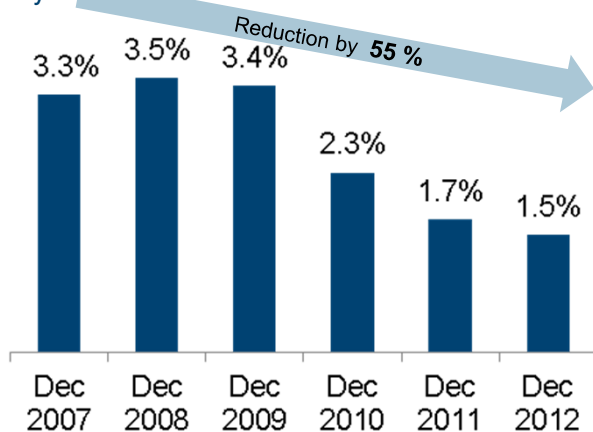
## » Strong like-for-like development since GEHAG merger

### Letting portfolio core regions

In-place rent (EUR/sqm)



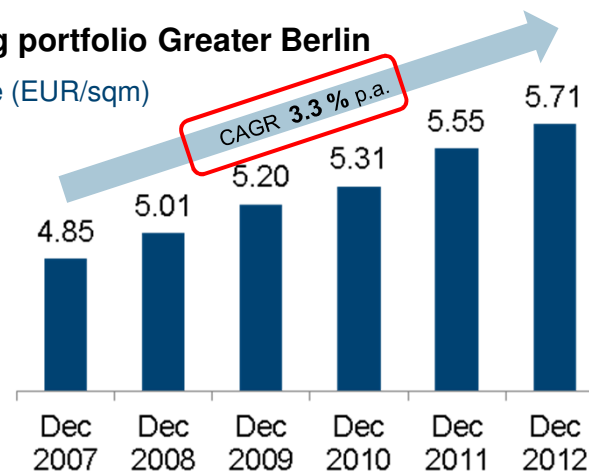
Vacancy



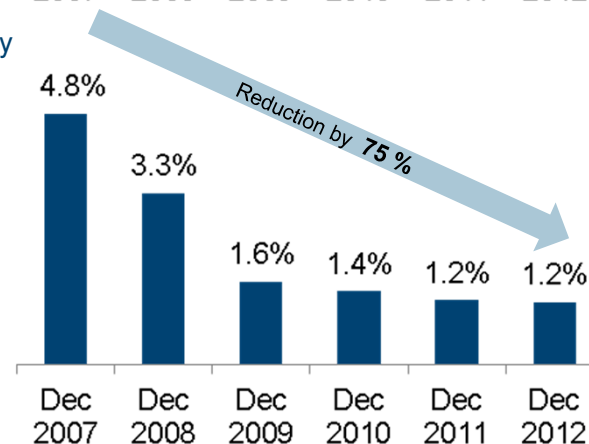
- Comprises ~ 7,800 units under management since Dec 07
- Avg. growth of in-place rent (1.4% p.a.) translates into:
  - + EUR 0.34 per sqm per month higher in-place rent
  - + EUR 2.0m higher current gross rental income p.a.

### Letting portfolio Greater Berlin

In-place (EUR/sqm)



Vacancy



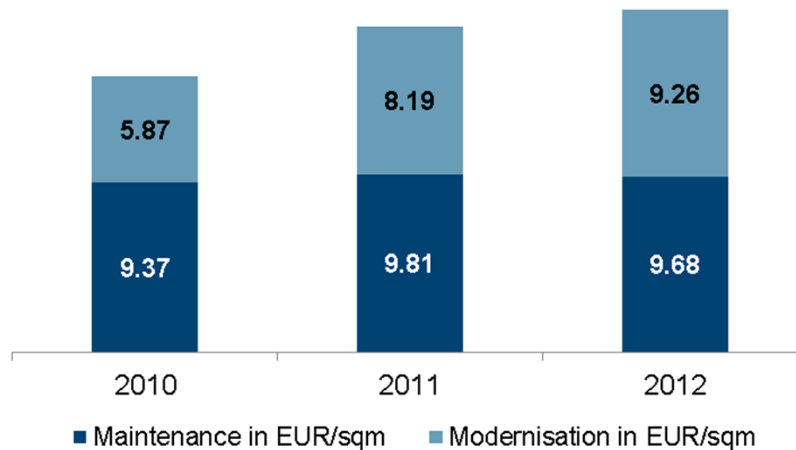
- Comprises ~ 21,100 units under management since Dec 07
- Avg. growth of in-place rent (3.3% p.a.) translates into:
  - + EUR 0.86 per sqm per month higher in-place rent
  - + EUR 13.0m higher current gross rental income p.a.

Note: Above time series analysis are based on a like-for-like comparison, i.e. only comprises units under management since December 2007 without taking into account any acquisitions/disposals in the period under review.

## » Focused and sustainable investments ...

### Maintenance and modernisation

	2012		2011	
	EUR m	EUR/sqm <sup>1)</sup>	EUR m	EUR/sqm <sup>1)</sup>
Maintenance	34.7	9.68	29.6	9.81
Ongoing & small-scale maintenance	23.4	6.65	19.6	6.85
Reletting	11.3	3.03	10.0	2.96
Modernisation	33.2	9.26	24.7	8.19
<b>In total</b>	<b>67.9</b>	<b>18.94</b>	<b>54.3</b>	<b>18.00</b>



- Signed rent increases in 2012 with a full year effect of EUR 4.8m thereof EUR 2.9m result from reletting/ modernisation
- Almost the entire modernisation expenditures, i.e. ~99%, have been invested in our core+ regions
- We keep a comparably high level for maintenance and modernisation to ensure our quality standards for a sustainable portfolio

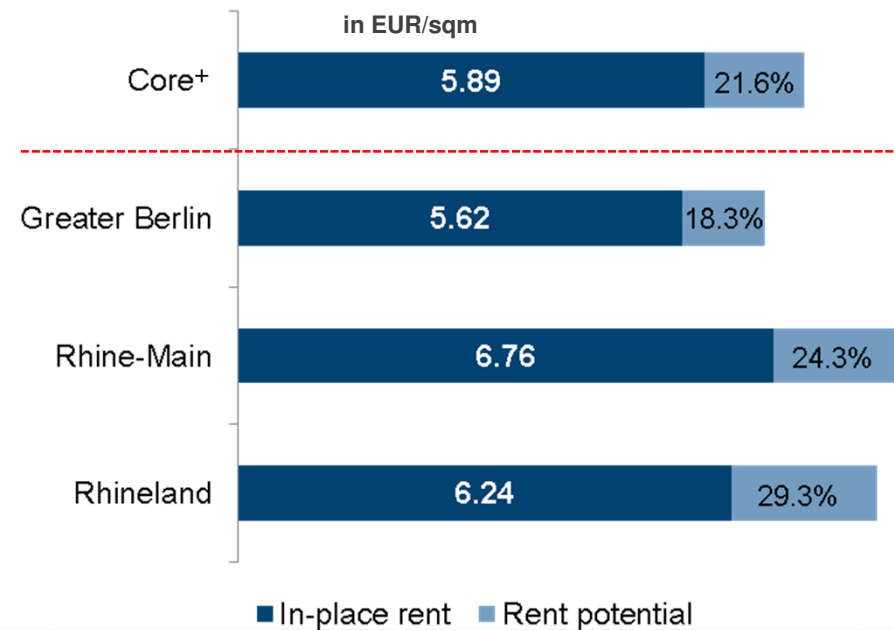
1) Based on the quarterly average area, excluding the area acquired with transfer of risks and rewards as at 31 December of the relevant financial year or as at 1 and 2/1 and on 172 of the following year, BauBeCon floor space for the 3<sup>rd</sup> quarter 2012 only included for one month

## » ... allow us to achieve market rents

### Rent potential

Letting portfolio excluding BauBeCon	31/12/2012			31/12/2011		Δ Rent potential <sup>3)</sup>
	New-letting rent <sup>2)</sup>	In-place rent <sup>1)</sup>	Rent potential <sup>3)</sup>	New-letting rent <sup>2)</sup>	Rent potential <sup>3)</sup>	
<b>Core<sup>+</sup></b>	<b>7.16</b>	<b>5.89</b>	<b>21.6%</b>	<b>6.91</b>	<b>20.4%</b>	<b>5.8%</b>
Greater Berlin	6.65	5.62	18.3%	6.41	17.0%	7.8%
Rhine-Main	8.40	6.76	24.3%	7.98	21.3%	14.0%
Rhineland	8.07	6.24	29.3%	6.91	13.1%	> 100% <sup>4)</sup>

- The increase in our actually achieved new-letting rent/our rent potential clearly demonstrates the accelerating demand based dynamic in our core<sup>+</sup> regions.



- 1) Contractually owed rent from rented apartments divided by rented area
- 2) Contractually owed rents for newly concluded contracts for units not subject to rent control effective in 2012
- 3) Rent potential = New-letting rent compared to in-place rent
- 4) Effected by acquisitions in Dusseldorf



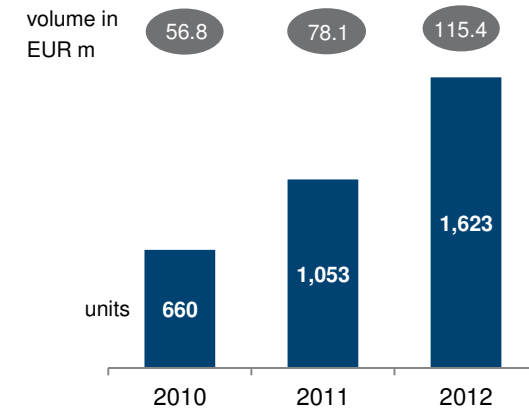
## **b) Segment – Disposals**

## » Ongoing strong privatisation business

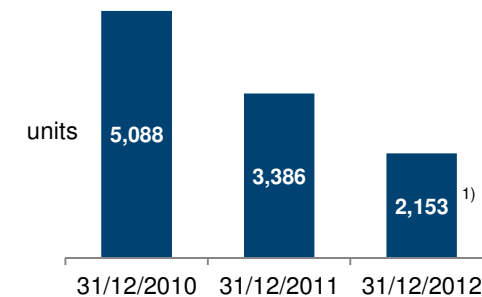
2012	Units	Transaction volume	Fair Value	Margin	
	#	EUR m	EUR m	EUR m	%
Privatisation	1,623	115.4	86.3	29.1	34%
Institutional sales	1,377	52.4	49.8	2.6	5%
<i>thereof non-core</i>	1,233	37.2	37.8	-0.6	-2%
Cost of sales				-11.8	
<b>In total</b>	<b>3,000</b>	<b>167.8</b>	<b>136.1</b>	<b>19.9</b>	<b>15%</b>
+ Carrying amounts of assets sold				136.1	
- Loan repayment				-84.9	
<b>Liquidity contribution</b>				<b>71.1</b>	

- **Privatisation** (i.e. sales of individual apartments)
  - › 1,623 units closed (+54% y-o-y)
  - › Sustainable margin of ~ 34%
  
- **Institutional sales:**
  - › Ongoing and successful focus on sales in disposal regions in 2012

### Privatisation (units and transaction volume)



### Non-core properties



1) Excluding BauBeCon

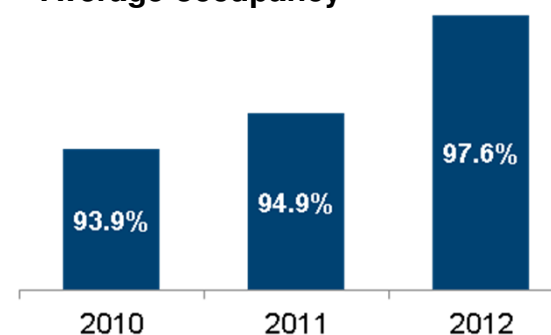
## **c) Segment – Nursing and Assisted Living**

## » Nursing and Assisted Living – stable EBITDA contribution

in EUR m	2012	2011
<b>Income</b>		
Nursing	36.4	33.6
Living	2.0	2.7
Other	3.6	3.8
<b>Total income</b>	<b>42.0</b>	<b>40.1</b>
<b>Costs</b>		
Nursing and corporate expenses	-11.3	-11.5
Staff expenses	-20.8	-19.4
<b>Total costs</b>	<b>-32.1</b>	<b>-30.9</b>
<b>Earnings from Nursing and Assisted Living</b>	<b>9.9</b>	<b>9.2</b>
Attributable current interest expenses	-2.6	-2.7
	<b>7.3</b>	<b>6.5</b>

- Acquisition of two nursing facilities in Leipzig (156 places) in H1/2012 and four facilities in Berlin (425 places) in Q1/2013
- The acquisitions have an estimated earnings contribution of ~ EUR 3.6m p.a.

### Average occupancy



Note: Figures for 2010 and 2011 shown above with consideration of the termination of the lease contract for one facility and the sale of the related management company end of 2011

	Facilities	Places
Brandenburg	5	596
Saxony	7	475
Berlin	2	173
Lower-Saxony	1	131
Rhineland-Palatinate	1	128
	<b>16</b>	<b>1,503</b>
Acquisition in Berlin <sup>1)</sup>	4	425
	<b>20</b>	<b>1,928</b>

1) Transfer of risks and rewards in Q1/2013

## d) Others

## » Details on corporate expenses

in EUR m	2012	2011
Staff expenses	-23.6	-20.3
<i>Holding Company function</i>	-9.1	-7.0
<i>Asset Management/Disposals</i>	-2.0	-2.2
<i>Property Management</i>	-12.5	-11.1
General and administration expenses	-12.7	-12.6
Property Management (external management BauBeCon)	-4.1	0.0
<b>In total</b>	<b>-40.4</b>	<b>-32.9</b>

- Increase of staff expenses compared to the previous year relate to newly hired employees, variable remunerations and bonuses for employees and management for the financial year 2012
- General and administration expenses stay flat compared to 2011 – despite expanded real estate holdings
- Expense ratio in relation to the current gross rental income remains flat at 16.8% compared to 2011
  - › After full integration of the acquisitions, a decrease to 14% is expected
  - › This corresponds to an efficiency enhancement of ~ EUR 12m

## » Adjusted EBT increased by 71% (y-o-y)

in EUR m	2012	2011
EBITDA (adjusted)	180.6 <sup>1)</sup>	142.0
Depreciation	-3.1	-3.0
Financial result (adjusted, net)	-99.0	-93.0
<b>EBT (adjusted)</b>	<b>78.5</b>	<b>46.0</b>
Valuation investment properties	119.2	40.0
Settlement on loss compensation	20.3	0.0
Transaction costs for BauBeCon	-12.2	0.0
Valuation SWAP	-0.2	-0.2
<b>EBT</b>	<b>205.6</b>	<b>85.8</b>
Current taxes	-10.5	-5.4
Deferred taxes	-49.6	-29.8
<b>Profit</b>	<b>145.5</b>	<b>50.6</b>
Earnings per share <sup>2)</sup>	1.15	0.57

in EUR m	2012	2011
Interest expenses (adjusted) <sup>3)</sup>	-89.6 <sup>4)</sup>	-81.6
Non-cash interest expenses	-11.4	-12.1
	<b>-101.0</b>	<b>-93.7</b>
Interest income	2.0	0.7
<b>Financial result (adjusted, net)</b>	<b>-99.0</b>	<b>-93.0</b>

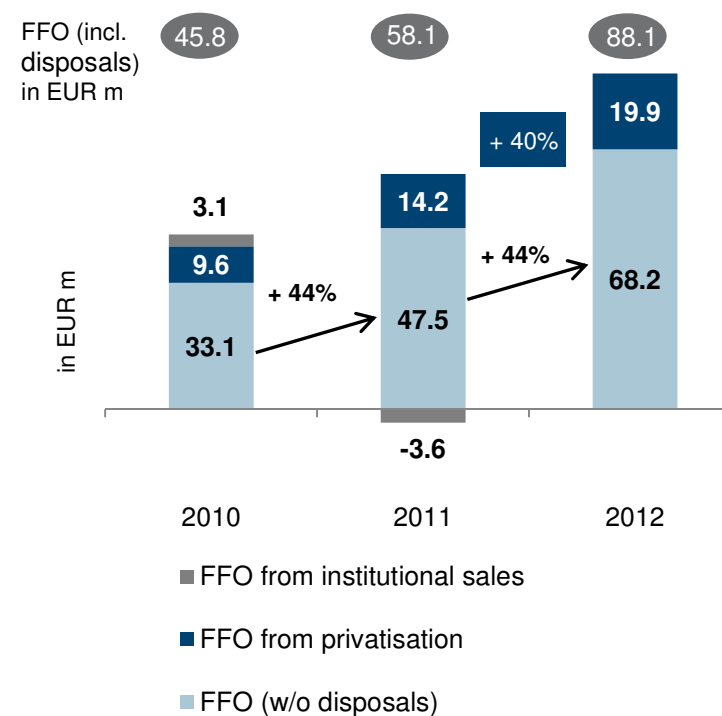
- **Adjusted EBITDA** increased by ~ EUR 39m thereof ~ EUR 37m attributable to increasing earnings from letting and ~ EUR 9m to increased earnings from disposals
- **Interest expenses** only increased due to acquisitions, partly compensated by lower average interest rates from 4.1% (Dec 11) to 3.7% (Dec 12)
- **Current taxes** affected by non-cash taxes of EUR 5.6m due to capital increase 2012
- **Deferred taxes** comprise ~EUR 36m due to upward valuation of investment properties

Non-cash interest expenses	2012
Mainly accruals on:	
Low-interest bearing liabilities	-7.0
Liabilities from EK 02 taxes	-2.1
Employee benefit liability	-2.2
DB 14	-0.2
<b>Total</b>	<b>-11.4</b>

## » Strong recurring FFO performance in 2012: 44% (y-o-y)

in EUR m	2012	2011
<b>Profit</b>	<b>145.5</b>	<b>50.6</b>
Earnings from Disposals	-19.9	-10.6
Depreciation	3.1	3.0
Fair value adjustments of investment properties	-119.2	-40.0
Valuation SWAP	0.2	0.2
Non-cash financial expenses	11.4	12.1
Deferred taxes	49.6	29.8
Tax benefit from capital increase	5.6	2.4
One-off income due to settlement with RREEF	-20.3	0.0
One-off transaction costs for BauBeCon	12.2	0.0
<b>FFO (w/o disposals)</b>	<b>68.2</b>	<b>47.5</b>
FFO from privatisation	19.9	14.2
<b>FFO (incl. privatisation)</b>	<b>88.1</b>	<b>61.7</b>
FFO from institutional sales	0.0	-3.6
<b>FFO (incl. disposals)</b>	<b>88.1</b>	<b>58.1</b>

- FFO (w/o disposals) comprises recurring BauBeCon-FFO of ~ EUR 10.2m for four months (Sep - Dec 2012)
- Ongoing FFO from privatisation increased by 40% y-o-y





## **e) Balance Sheet**

## » Balance sheet – Assets

in EUR m	31/12/2012	31/12/2011	
Investment properties	4,614.6	2,928.8	→ Increase mainly due to closing of acquisitions
Other non current assets	24.1	21.7	
Deferred tax assets	80.7	63.0	
<b>Non current assets</b>	<b>4,719.4</b>	<b>3,013.5</b>	
Land and buildings held for sale	39.1	63.5	→
Trade receivables	20.8	14.0	→
Other current assets	38.0	43.4	→
Cash and cash equivalents	90.6	167.8	
<b>Current assets</b>	<b>188.5</b>	<b>288.7</b>	
<b>Total assets</b>	<b>4,907.9</b>	<b>3,302.2</b>	

Trade receivables		31/12/2012
Rental business		7.9
Disposals		11.6
Other		1.3

Other current assets		31/12/2012
Non current assets held for sale		24.4
Income tax receivables		1.2
Other inventories		3.2
Other assets		9.1

- EUR 106m available credit lines in addition to cash at-hand
- Additional net proceeds from capital increase in January 2013 available
- Results in a potential acquisition firepower up to ~ EUR 500m (transaction volume)

## » Details on fair value adjustments of investment properties

	Before Fair Value adjustments of investment properties				Fair Value adjustment	After Fair Value adjustments of investment properties			
	Fair Value	Fair Value	Multiple in-place rent	Multiple market rent	Fair Value	Fair Value	Fair Value	Multiple in-place rent	Multiple market rent
	EUR m	EUR/sqm	x	x	EUR m	EUR m	EUR/sqm	x	x
<b>Total</b>	<b>4,201</b>	<b>924</b>	<b>13.9x</b>	<b>12.1x</b>	<b>119</b>	<b>4,320</b>	<b>950</b>	<b>14.3x</b>	<b>12.4x</b>
<b>Strategic core and growth regions</b>	<b>4,022</b>	<b>951</b>	<b>14.0x</b>	<b>12.3x</b>	<b>126</b>	<b>4,148</b>	<b>981</b>	<b>14.5x</b>	<b>12.6x</b>
<b>Core<sup>+</sup></b>	<b>2,936</b>	<b>1,044</b>	<b>14.8x</b>	<b>12.6x</b>	<b>100</b>	<b>3,036</b>	<b>1,080</b>	<b>15.3x</b>	<b>13.0x</b>
Greater Berlin	2,094	995	14.6x	12.5x	84	2,178	1,035	15.2x	13.0x
Rhine-Main	719	1,209	15.2x	12.8x	8	727	1,223	15.4x	12.9x
Rhineland	123	1,103	14.5x	12.0x	8	131	1,170	15.3x	12.7x
<b>Core</b>	<b>1,085</b>	<b>766</b>	<b>12.4</b>	<b>11.5</b>	<b>26</b>	<b>1,111</b>	<b>785</b>	<b>12.7x</b>	<b>11.7x</b>
Hanover/Brunswick/Magdeburg	456	771	12.3x	11.7x	9	465	787	12.5x	11.9x
Rhine Valley South	276	858	13.4x	12.1x	4	280	873	13.6x	12.3x
Rhine Valley North	141	741	12.2x	11.1x	3	144	755	12.4x	11.3x
Central Germany	89	682	11.6x	10.8x	6	95	729	12.4x	11.5x
Other	123	676	11.5x	10.3x	4	127	693	11.8x	10.6x
<b>Non-core</b>	<b>179</b>	<b>560</b>	<b>10.9x</b>	<b>9.3x</b>	<b>-6</b>	<b>173</b>	<b>540</b>	<b>10.5x</b>	<b>9.0x</b>
Disposal	79	519	10.9x	8.8x	-6	73	478	10.0x	8.1x
Other	100	599	10.9x	9.8x	0	100	597	10.9x	9.8x

## » Balance sheet – Equity and Liabilities

in EUR m	31/12/2012	31/12/2011
Total equity	1,609.7	1,083.4
Financial liabilities	2,768.6	1,834.7
Tax liabilities	63.6	58.6
Deferred tax liabilities	143.3	96.2
Derivatives	152.5	95.0
Other liabilities	170.2	134.3
<b>Total equity and liabilities</b>	<b>4,907.9</b>	<b>3,302.2</b>

<b>Equity</b>		<b>31/12/2012</b>
+ Profit	EUR	145.5
- Cash flow hedge	EUR	-39.8
- Pensions	EUR	-5.5
+ Net proceeds (less tax effect) from capital increase	EUR	449.6
- Dividend	EUR	-23.5

LTV at 57.2%

Δ Derivative liabilities: EUR +57.5

<b>Other liabilities</b>		<b>31/12/2012</b>
Trade liabilities	EUR	72.0
Pensions	EUR	54.5
Provisions	EUR	14.4
Other liabilities	EUR	24.2
DB 14	EUR	5.1

in EUR m	31/12/2012	31/12/2011
EPRA NAV	1,824.4	1,211.3
EPRA NAV per share in EUR	12.48	11.50
Shares outstanding	146.14	105.37 <sup>1)</sup>

- EPRA NAV per share rose to EUR 12.48 as at 31 December 2012

→ increase of ~ EUR 1 per share

1) Scrip adjustment of capital increase 2012 by 1.03

» LTV at 57.2%; low average interest rate: 3.7%

Debt structure

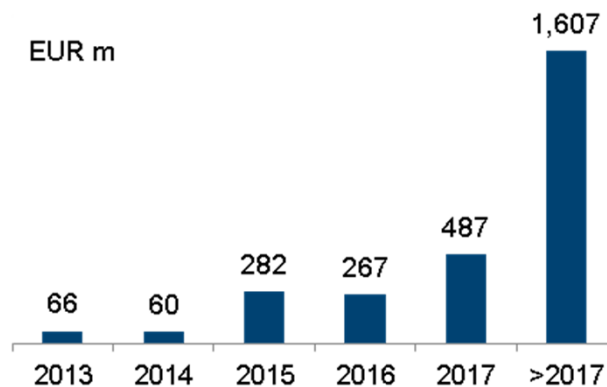
Financial liabilities in EUR m

Mark-to-market	2,768.6
LTV (%)	57.2%
Nominal value	2,872.8
LTV (%)	59.5%

Debt service

- Average interest rate: ~ 3.7%
- Average mandatory redemption p.a.: ~ 1.7%
- Average weighted maturity: ~ 7.9 years
- Interest rate fixed or hedged: ~ 81%

Long-term maturities profile



> no major loans due before end of 2015

## » **Guidance 2013, integration and further outlook**

## » FFO Guidance 2013 <sup>1)</sup>

Base case 2013, i.e. w/o consideration of further acquisitions

### Earnings from Residential Property Management

- Significant increase in earnings to ~ **EUR 264m** (+27%) due to full year effect of all acquisitions and rental increases partly offset by disposals
- Maintenance EUR 10 sqm p.a.
- Modernisation and maintenance ~ EUR 80m (EUR 16 sqm p.a.)

### Earnings from Nursing and Assisted Living

- Earnings increase to **EUR 13m** due to latest acquisitions

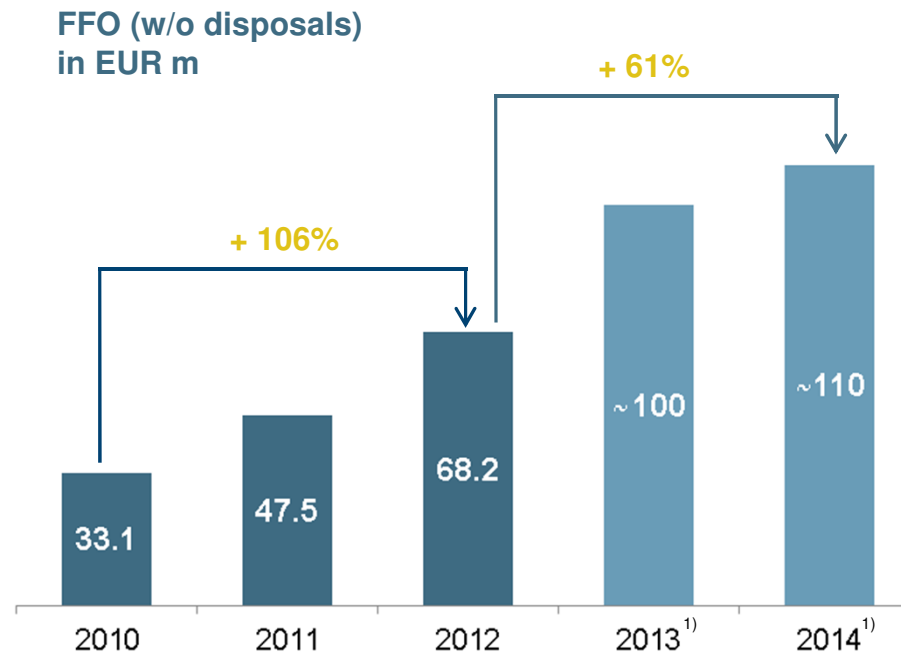
### Earnings from Disposals

- Privatisation: ~ 1,000 units with a transaction volume of ~ EUR 120m
- Institutional sales/disposal regions ~ 1,500 units
- Earnings ~ **EUR 14m**

Base case	2013	Recurring FFO	EUR 100m
	2013	FFO incl. disposals	~ EUR 114m
		EBITDA <sup>2)</sup>	EUR 235m
		EBT <sup>2)</sup>	EUR 105m

1) Assuming an economic development in Germany as currently forecast  
 2) Without consideration of valuation effects

## » Compelling recurring FFO development since 2010



1) Business plan: base case w/o consideration of further acquisitions



## » Status quo of integration: well on track

Major acquisitions	accomplished								
	2012			2013		2013			
	October	November	December	January	February	...	April	May	June
BauBeCon (~23,400 units)	Signing of termination agreement with Prelios ✓	Integration of 10,500 units ✓		Integration of entire operating cost billing for 2013 ✓	Integration of remaining 12,900 units ✓			Official termination of Prelios contract	
Hanover, Brunswick, Central Germany, Greater Berlin (~5,100 units)							Integration of 1,950 units	Integration of remaining 3,160 units	
Berlin (~ 5,200 units)						Integration of 5,200 units			

### Status quo:

- Until June 2013 all acquisitions will be integrated, i.e. the **takeover phase** will be completed
- After each integration step, the individual **optimisation phase** will be kicked off, i.e. the processes will be aligned to Deutsche Wohnen processes; hence optimised

### Integration/optimisation – our focus in 2013

- IT migration: migrating/aligning the different systems into SAP
- Setup/start-up of new service points, e.g. in Magdeburg, Hanover, Potsdam, Berlin-Hellersdorf
- Recruiting of new staff: ~ 100 new employees to be hired

## » Further acquisition outlook

- We will continue our growth strategy in residential real estate which is based on **selective investments focused** on portfolios **in attractive metropolitan areas**
  - › Focus on existing strategic core and growth regions as well as opportunities to expand total residential portfolio into other metropolitan areas
  - › Current financing environment supports our growth strategy
  - › Will **remain disciplined** – acquisitions need to be **FFO accretive on a per share basis** upon full integration
  - › Increased M&A competition in some regions but opportunities also exist in more stable metropolitan areas with **attractive FFO yields**
  - › **Proven integration experience** allows us to monetise scaling effects over time
  - › Target LTV: 55%-60%; medium-term: 55%
  
- In our **Nursing and Assisted Living** we intend to grow significantly in the medium-term
  - › Take advantage of supporting demographic trends
  - › Attractive (above Group average) EBITDA margins

» **Q & A**

## » **Appendix – Details on new acquisition**

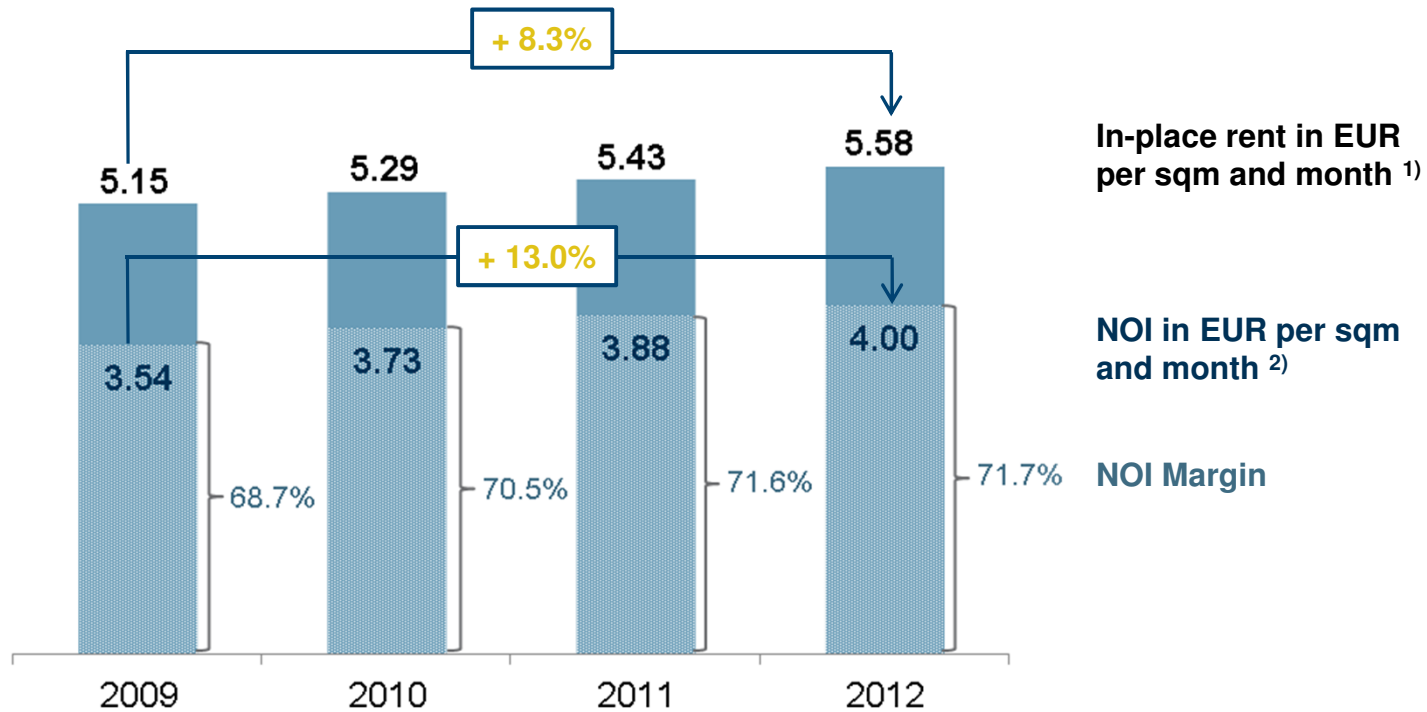
## » Details on acquisition of 5,200 units in Berlin (disclosed in January 2013)

	Units	Area	Residential in-place rent	Residential vacancy	Signing
	#	k sqm	EUR/ sqm	%	
Berlin	~ 5,200	~ 331	4.65	2.6%	December 2012

- Located in the city of Berlin
- Current gross rental income: EUR 18.7m
- Net initial yield (current gross rental income/ gross purchase price): 7.6%
- In-place rent multiplier of 13x
- Debt financing of ~ EUR 156m with average interest rate of 3.6% p.a.
- Annualised FFO yield (pre tax): ~ 9%
- Closing took place on 1 February 2013

## » Appendix - Other

## » NOI performance continuously increasing



- 1) Current gross rental income divided by months of the period and average floor space on quarterly basis in the period under review; BauBeCon floor space for Q3/2012 only included for one month
- 2) Net Operating Income divided by months of the period and average floor space on quarterly basis in the period under review; BauBeCon floor space for Q3/2012 only included for one month

## » Overview of portfolio as at 31 December 2012

Incl. transfer of risks and rewards 1 January and 1 February 2013	Residential units #	Share in terms of units %	Area k sqm	In-place rent <sup>1)</sup> EUR/sqm	Vacancy %	Commercial units #	Parking spaces #
<b>Total</b>	<b>82,738</b>	<b>100%</b>	<b>5,066</b>	<b>5.49</b>	<b>2.5%</b>	<b>961</b>	<b>21,029</b>
<b>Strategic core and growth regions</b>	<b>77,007</b>	<b>93%</b>	<b>4,699</b>	<b>5.54</b>	<b>2.1%</b>	<b>909</b>	<b>19,168</b>
Letting portfolio	71,455	86%	4,328	5.54	1.8%	829	16,629
Privatisation	5,552	7%	371	5.55	4.9%	80	2,539
<b>Core<sup>+</sup></b>	<b>51,587</b>	<b>62%</b>	<b>3,086</b>	<b>5.73</b>	<b>1.9%</b>	<b>705</b>	<b>9,154</b>
Letting portfolio	48,436	58%	2,875	5.73	1.6%	625	7,362
Privatisation	3,151	4%	211	5.68	5.7%	80	1,792
<b>Core</b>	<b>25,420</b>	<b>31%</b>	<b>1,613</b>	<b>5.18</b>	<b>2.6%</b>	<b>204</b>	<b>10,014</b>
Letting portfolio	23,019	28%	1,453	5.16	2.4%	204	9,267
Privatisation	2,401	3%	160	5.37	3.8%	0	747
<b>Non-core</b>	<b>5,731</b>	<b>7%</b>	<b>366</b>	<b>4.76</b>	<b>8.6%</b>	<b>52</b>	<b>1,861</b>
Disposal	2,246	3%	146	4.69	12.7%	36	691
Other	3,485	4%	221	4.80	6.0%	16	1,170

1) Contractually owed rents from rented apartments divided by rented area



## » Details on regions of portfolio as at 31 December 2012

Incl. transfer of risks and rewards 1 January and 1 February 2013	Residential units #	Share in terms of units %	Area k sqm	In-place rent <sup>1)</sup> EUR/sqm	Vacancy %	Commercial units #	Parking spaces #
<b>Total</b>	<b>82,738</b>	<b>100%</b>	<b>5,066</b>	<b>5.49</b>	<b>2.5%</b>	<b>961</b>	<b>21,029</b>
<b>Strategic core and growth regions</b>	<b>77,007</b>	<b>93%</b>	<b>4,699</b>	<b>5.54</b>	<b>2.1%</b>	<b>909</b>	<b>19,168</b>
<b>Core*</b>	<b>51,587</b>	<b>62%</b>	<b>3,086</b>	<b>5.73</b>	<b>1.9%</b>	<b>705</b>	<b>9,154</b>
Greater Berlin	40,692	49%	2,421	5.48	1.4%	488	3,398
Letting portfolio	38,842	47%	2,302	5.50	1.3%	475	3,061
Privatisation	1,850	2%	118	5.14	4.5%	13	337
Rhine-Main	9,275	11%	558	6.71	3.3%	182	5,031
Letting portfolio	8,142	10%	481	6.78	2.6%	121	3,989
Privatisation	1,133	1%	77	6.28	7.9%	61	1,042
Rhineland	1,620	2%	108	6.34	2.6%	35	725
Letting portfolio	1,452	2%	92	6.25	2.6%	29	312
Privatisation	168	0%	16	6.87	2.7%	6	413
<b>Core</b>	<b>25,420</b>	<b>31%</b>	<b>1,613</b>	<b>5.18</b>	<b>2.6%</b>	<b>204</b>	<b>10,014</b>
Hanover/Brunswick/Magdeburg	10,929	13%	705	5.21	3.2%	105	2,755
Letting portfolio	10,028	12%	646	5.15	3.2%	105	2,416
Privatisation	901	1%	59	5.88	3.3%		339
Rhine Valley South	4,952	6%	309	5.39	1.8%	45	3,393
Letting portfolio	4,653	6%	290	5.39	1.4%	45	3,186
Privatisation	299	0%	19	5.46	7.9%		207
Rhine Valley North	2,944	4%	191	5.12	1.4%	3	2,121
Letting portfolio	2,798	3%	181	5.09	0.8%	3	1,952
Privatisation	146	0%	10	5.65	11.2%		169
Central Germany	3,777	5%	227	5.04	2.5%	44	1,186
Letting portfolio	3,777	5%	227	5.04	2.5%	44	1,186
Privatisation							
Others <sup>2)</sup>	2,818	3%	182	4.99	2.8%	7	559
Letting portfolio	1,763	2%	110	5.05	3.3%	7	527
Privatisation	1,055	1%	72	4.90	1.9%		32
<b>Non-core</b>	<b>5,731</b>	<b>7%</b>	<b>366</b>	<b>4.76</b>	<b>8.6%</b>	<b>52</b>	<b>1,861</b>
Disposal	2,246	3%	146	4.69	12.7%	36	691
Other	3,485	4%	221	4.80	6.0%	16	1,170

- 1) Contractually owed rents from rented apartments divided by rented area  
2) Mainly Kiel/Luebeck

## » Overview of portfolio as at 31 December 2011 (for reconciliation)

For reconciliation purpose, last reported portfolio as at 31 December 2011 in our newly used portfolio cluster

Incl. transfer of risks and rewards 1 and 2 January 2012	Residential units #	Share in terms of units %	Area k sqm	In-place rent <sup>1)</sup> EUR/sqm	Vacancy %	Commercial units #	Parking spaces #
<b>Total</b>	<b>50,626</b>	<b>100%</b>	<b>3,076</b>	<b>5.57</b>	<b>2.4%</b>	<b>477</b>	<b>15,331</b>
<b>Strategic core and growth regions</b>	<b>47,240</b>	<b>93%</b>	<b>2,865</b>	<b>5.62</b>	<b>2.2%</b>	<b>468</b>	<b>13,594</b>
Letting portfolio	42,558	84%	2,562	5.63	1.7%	453	11,933
Privatisation	4,682	9%	303	5.58	6.4%	15	1,661
<b>Core<sup>+</sup></b>	<b>38,436</b>	<b>76%</b>	<b>2,304</b>	<b>5.72</b>	<b>2.1%</b>	<b>403</b>	<b>7,664</b>
Letting portfolio	34,387	68%	2,042	5.74	1.6%	388	6,467
Privatisation	4,049	8%	262	5.60	6.0%	15	1,197
<b>Core</b>	<b>8,804</b>	<b>17%</b>	<b>561</b>	<b>5.21</b>	<b>2.4%</b>	<b>65</b>	<b>5,930</b>
Letting portfolio	8,171	16%	520	5.19	1.9%	65	5,466
Privatisation	633	1%	41	5.49	8.7%	0	464
<b>Non-core</b>	<b>3,386</b>	<b>7%</b>	<b>211</b>	<b>4.73</b>	<b>7.2%</b>	<b>9</b>	<b>1,737</b>
Disposal	1,544	3%	96	4.51	10.6%	9	722
Other	1,842	4%	116	4.90	4.6%		1,015

1) Contractually owed rents from rented apartments divided by rented area

## » Details on regions of portfolio as at 31 December 2011 (for reconciliation)

Incl. transfer of risks and rewards 1 and 2 January 2012	Residential units #	Share in terms of units %	Area k sqm	In-place rent <sup>1)</sup> EUR/sqm	Vacancy %	Commercial units #	Parking spaces #
<b>Total</b>	<b>50,626</b>	<b>100%</b>	<b>3,076</b>	<b>5.57</b>	<b>2.4%</b>	<b>477</b>	<b>15,331</b>
<b>Strategic core and growth regions</b>	<b>47,240</b>	<b>93%</b>	<b>2,865</b>	<b>5.62</b>	<b>2.2%</b>	<b>468</b>	<b>13,594</b>
<b>Core*</b>	<b>38,436</b>	<b>76%</b>	<b>2,304</b>	<b>5.72</b>	<b>2.1%</b>	<b>403</b>	<b>7,664</b>
Greater Berlin	28,341	56%	1,693	5.44	1.9%	301	2,795
Letting portfolio	25,362	50%	1,505	5.47	1.4%	286	2,357
Privatisation	2,979	6%	188	5.24	5.9%	15	438
Rhine-Main	8,938	18%	538	6.57	2.8%	102	4,695
Letting portfolio	7,868	16%	464	6.58	2.3%	102	3,936
Privatisation	1,070	2%	74	6.52	6.3%		759
Rhineland	1,157	2%	72	6.11	1.0%		174
Letting portfolio	1,157	2%	72	6.11	1.0%		174
Privatisation							
<b>Core</b>	<b>8,804</b>	<b>17%</b>	<b>561</b>	<b>5.21</b>	<b>2.4%</b>	<b>65</b>	<b>5,930</b>
Hanover/Brunswick/Magdeburg							
Letting portfolio							
Privatisation							
Rhine Valley South	5,057	10%	316	5.31	2.2%	41	3,448
Letting portfolio	4,661	9%	291	5.29	1.6%	41	3,210
Privatisation	396	1%	25	5.46	9.2%		238
Rhine Valley North	3,029	6%	196	5.10	2.1%	3	2,186
Letting portfolio	2,798	6%	181	5.06	1.6%	3	1,960
Privatisation	231	0%	15	5.55	7.9%		226
Central Germany	174	0%	12	6.08	3.6%	19	293
Letting portfolio	174	0%	12	6.08	3.6%	19	293
Privatisation							
Others	544	1%	37	4.72	4.8%	2	3
Letting portfolio	538	1%	36	4.72	4.7%	2	3
Privatisation	6	0%	0	5.22	10.2%		
<b>Non-core</b>	<b>3,386</b>	<b>7%</b>	<b>211</b>	<b>4.73</b>	<b>7.2%</b>	<b>9</b>	<b>1,737</b>
Disposal	1,544	3%	96	4.51	10.6%	9	722
Other	1,842	4%	116	4.90	4.6%		1,015

1) Contractually owed rents from rented apartments divided by rented area

## » Disclaimer

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