KPMG

TRANSLATION - Auditors' Report

Financial Statements as at 31 December 2012 and Management Report

RREEF Management GmbH

Frankfurt am Main

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KPMG AG Wirtschaftsprüfungsgesellschaft

Assets

		€	31 Dec. 2011 €
A. Non-current assets			
I. Intangible assets			
	Licences and similar rights and assets	6,655.81	0.00
II. Property and equipment			
	Office equipment	34,883.87	44,290.57
III. Financial assets			
	1. Shares in group companies	107,471,346.00	108,283,799.50
	2. Equity investments	119,668.41	205,353.84
		107,591,014.41	108,489,153.34
		107,632,554.09	108,533,443.91
B. Current assets			
I. Receivables and other assets			
	1. Trade receivables	1,129,755.35	1,376,215.59
	2. Amounts receivable from group companies	64,052,098.02	149,310,586.80
	3. Amounts receivable from companies in which the company holds an ownership interest	5,356.87	5,156.73
	4. Shares in project companies	87,952.12	87,952.13
	5. Other assets	3,200,674.62	3,855,749.84
		68,475,836.98	154,635,661.09
		68,475,836.98	154,635,661.09
C. Prepaid expenses		6,110.63	2,492.16
D. Plan surplus		3,162,227.84	1,903,186.00
Total assets		**179,276,729.54**	**265,074,783.16**
Trust assets		71,086,600.00	71,060,600.00

Balance sheet as at 31 December 2012

Equity and liabilities

		31 Dec. 2011
	€	€
A. Equity		
I. Share capital	7,500,000.00	7,500,000.00
II. Additional paid-in capital	81,789,478.90	81,789,478.90
III. Retained earnings		
other retained earnings	0.00	19,564.00
IV. Unappropriated profits brought forward	33,408,646.81	33,408,646.81
	122,698,125.71	122,717,689.71
B. Provisions		
Other provisions	23,399,482.74	40,595,804.02
	23,399,482.74	40,595,804.02
C. Liabilities		
1. Trade payables	139,905.92	161,289.77
2. Amounts payable to group companies	31,409,762.18	100,394,573.17
3. Other liabilities	1,587,520.77	1,117,186.99
	33,137,188.87	101,673,049.93
D. Deferred income	41,932.22	88,239.50
Total equity and liabilities	**179,276,729.54**	**265,074,783.16**
Trust liabilities	71,086,600.00	71,060,600.00
Contingencies	30,323,064.70	33,512,743.33

RREEF Management GmbH, Frankfurt am Main

Income statement for the year ended
31 December 2012

			2011
	€	€	€
1. Revenue		18,050,921.46	19,739,419.78
2. Other operating income		6,378,555.66	87,410,604.16
3. Cost of purchased services		2,735,493.65	2,597,494.12
4. Staff costs			
a) Wages and salaries	12,362,418.72		9,457,364.43
b) Social security, pension and other benefits	1,111,034.30	13,473,453.02	1,799,358.91
-of which relating to pensions €81,101.92 (previous period: €715,086.21)			
5. Depreciation and amortisation			
a) a)Intangible assets and property and equipment		39,937.75	149,761.08
6. Other operating expenses		12,168,427.32	11,247,250.63
7. Income from			
a) Equity investments	928,809.05		362,601.30
- of which from group companies €923,971.59 (previous period: €357,948.30)			
b) Profit and loss transfer agreement	24,411,491.14	25,340,300.19	17,607,691.36
- of which from group companies €24,411,491.14 (previous period: €17,607,691.36)			
8. Other interest and similar income		1,694,502.99	2,994,522.73
- of which from group companies €317,972.72 (previous period: €1,386,630.70)			
9. Amortisation of financial assets		2,005,145.80	13,832,058.31
10. Interest payable and other similar expenses		735,790.33	585,876.82
- of which to group companies €3,274.18 (previous period: €15,088.96)			
11. Expense incurred from loss transfer		0.00	48,534.15
- of which from group companies €0.00 (previous period: €48,534.15)			
12. Net income from continuing operations		**20,306,032.43**	**88,397,140.88**
13. Income tax expense (income; previous period: income)		7,277.97	4,447.62
14. Other taxes		11,311.36	0.00
15. Profit transferred under profit and loss transfer agreement		20,301,999.04	88,401,588.50
16. Net income		**0.00**	**0.00**

RREEF Management GmbH, Frankfurt am Main

Notes to the financial statements for 2012

I. General

The financial statements of RREEF Management GmbH, Frankfurt am Main, (hereinafter also referred to as the 'company') as at 31 December 2012 were prepared in accordance with the provisions of the German Commercial Code [*HGB*] and the Act on Private Limited Companies [*GmbH-Gesetz*].

The income statement has been prepared in accordance with the type of expenditure accounting format.

The notes to the financial statements contain all disclosures on individual balance sheet items which must be made in the notes to the financial statements or where the company has the option of reporting them either in the balance sheet or in the notes to the financial statements.

Since 1 January 2001, a profit and loss transfer agreement has been in effect between the company and Deutsche Bank AG, Frankfurt am Main, as the sole owner (consolidated tax-filing status for corporation and trade tax). This was completely revised on 16/22 March 2010.

There are also profit and loss transfer agreements between the company and the following subsidiaries:

- since 1 January 2002:
  DI Deutsche Immobilien Treuhandgesellschaft mbH, Frankfurt am Main
  Deutsche Grundbesitz-Anlagegesellschaft mbH, Frankfurt am Main
  RREEF Investment GmbH, Frankfurt am Main

- since 1 January 2006:
  RREEF Spezial Invest GmbH, Frankfurt am Main

Owing to the consolidated income tax-filing status with Deutsche Bank AG, Frankfurt am Main, the company's €8,300,000 in deferred tax assets are recognised solely in the accounts of Deutsche Bank AG, Frankfurt am Main, as the controlling company.

The specification of the company's shareholdings in accordance with Article 285 No. 11 and 11a of the German Commercial Code has been filed with the District Court of Frankfurt am Main, Commercial Register Section B, No. 26724, and is published as part of the appendix.

As at the reporting date, the company qualifies as a medium-sized company limited by shares as defined by Article 267(2) of the German Commercial Code.

Information in accordance with Article 285 No. 17 of the German Commercial Code (total audit fee) is not reported, as it is contained in the consolidated financial statements of Deutsche Bank AG, Frankfurt am Main.

The share held in trust by Treuinvest e.V., Frankfurt am Main, in Benefit Trust GmbH, Sössen, has a fair value of €17,893,000 and a historical cost of €15,017,000. The €2,876,000 is not subject to the distribution restrictions of Article 268(8) of the German Commercial Code, as sufficient unrestricted retained earnings are available.

The revival of limited partner liabilities was added to the contingencies in 2012 and in the previous period.

II. Significant accounting policies

General
Balances at banks, which are also group companies, are recognised as amounts receivable from group companies, and liabilities to banks, which are also group companies, as amounts payable to group companies.

Shares in companies which are available for sale and are not designated to serve the company for the long term are recognised in the company's current assets in accordance with Article 265(5) of the German Commercial Code as shares in project companies.

In accordance with Article 265(6) of the German Commercial Code, the item designations under Article 266(2) B. II. and Article 275(2) No. 5 and No. 9 of the German Commercial Code have been changed.

Non-current assets
Intangible assets and property and equipment are recognised at cost less amortisation or depreciation taken according to the straight-line or declining balance method, as permitted under tax law, over the asset's expected useful life.

Minor assets are completely written off in their year of acquisition in accordance with Section 6(2) of the German Income Tax Act [*EStG*]. Minor assets acquired in 2008 and 2009 are written down in accordance with Section 6(2a) of the German Income Tax Act.

The company did not exercise the accounting option allowed by Article 253(3), sentence 4, of the German Commercial Code.

Used to cover the pension liabilities, the securities held in trust by Treuinvest e.V., Frankfurt am Main, and the interest held in trust in Benefit Trust GmbH, Sössen, are measured at fair value in accordance with Article 253(1), sentence 4, of the German Commercial Code and netted with the pension liabilities in accordance with Article 246(2), sentence 2, of the German Commercial Code.

On account of the existing pledges, securities held to cover the partial retirement liabilities are likewise measured at fair value in accordance with Article 253(1), sentence 4, of the German Commercial Code and netted with the partial retirement liabilities in accordance with Article 246(2), sentence 2, of the German Commercial Code.

Current assets
Receivables and other assets are stated at the lower of cost and their fair value. Corporation tax credits resulting from the former tax imputation system are stated at their present value using a 4.0 % p.a. discount rate in accordance with Deutsche Bank AG group policy.

Assets denominated in foreign currency are translated at the middle rate as at 31 December 2012 published by Deutsche Bank AG, Frankfurt am Main.

In accordance with Article 253(4) of the German Commercial Code, shares in project companies are stated at the lower of cost and their fair value.

Provisions
Pension provisions in accordance with Article 253(1), sentence 3, of the German Commercial Code comprise the savings element of pension credit and the risk premium. Pension credit liability is recognised as the fair value of the plan assets. The risk premium is measured using the project unit credit method.

The other pension provisions, the provisions for early and partial retirement as well as the jubilee provisions are measured using the projected unit credit method and discounted in accordance with Article 253(2), sentence 1, of the German Commercial Code at the relevant average market interest rate over the past seven years. The interest rates published by the Bundesbank as at

31 October 2012 were applied: (pension provisions: 4.77%; provisions for early and partial retirement: 3.83%; jubilee provisions: 4.60%). A rate of 3.2% p.a. is assumed for salary increases. The pension provisions were measured according to the new mortality tables published in July 2005 by Heubeck Richttafeln GmbH, Cologne.

The company did not exercise its option to prorate the addition to the provision in accordance with Section 67(1) of the Introductory Act to the Commercial Code.

In accordance with Article 253(2), sentence 1, of the German Commercial Code, provisions with a remaining term of more than one year are discounted at the relevant average market interest rate over the past seven years. The interest rate tables published by the Bundesbank are used for this purpose.

Liabilities
Liabilities are stated at the actual amount payable.

Liabilities denominated in foreign currency are translated at the middle rate as at 31 December 2012 published by Deutsche Bank AG, Frankfurt am Main.

All liabilities fall due within one year as in the previous period and are not secured with pledges or similar rights.

III. Notes to the balance sheet

Non-current assets
Items and movements in the company's non-current assets are presented in the attached non-current assets (gross method) schedule (Appendix A to the notes to the financial statements).

Current assets
Amounts receivable from group companies can be presented as follows:

		of which		
(previous period's figures in brackets)	Total € thousand	falling due falling due in more than one year € thousand	from other group companies € thousand	from shareholders € thousand
Amounts receivable under profit and loss transfer agreements	24,411 *(17,608)*	0 *(0)*	24,411 *(17,608)*	0 *(0)*
Loans	250 *(24,465)*	0 *(0)*	250 *(24,465)*	0 *(0)*
Bank balances	27,173 *(97,152)*	0 *(0)*	24,807 *(95,900)*	2,366 *(1,252)*
Amounts receivable because of consolidated VAT-filing status	6,592 *(6,489)*	0 *(0)*	6,592 *(6,489)*	0 *(0)*
Other amounts due from banks	878 *(655)*	0 *(0)*	0 *(0)*	878 *(655)*
Trade receivables	4,748 *(2,942)*	0 *(0)*	4,748 *(2,942)*	0 *(0)*
	64,052 *(149,311)*	**0** *(0)*	**60,808** *(147,404)*	**3,244** *(1,907)*

Shares in project companies include property and management companies in liquidation (€88,000; previous period: €88,000).

Other assets largely comprise €3,163,000 receivable from tax refund claims (previous period: €3,806,000). This is the present value of the corporation tax credit in accordance with Section 37(2) of the German Corporation Tax Act.

Plan surplus
Used to cover the pension benefits, the assets held in trust by Treuinvest e.V., Frankfurt am Main, in the form of securities, an instalment and an equity interest in Benefit Trust GmbH, Sössen, have a historical cost of €15,434,000 and fair value of €18,329,000 as at 31 December 2012. €15,167,000 is required to settle the pension liabilities as at the reporting date.

Equity
Deutsche Bank AG, Frankfurt am Main, is the sole owner of the company. The €7,500,000 in share capital is fully paid up.

The earnings retained in 2010 in accordance with Section 67(1) Introductory Act to the Commercial Code [*EGHGB*] were distributed to the sole owner in the course of the year.

Unappropriated profits brought forward from previous period result from profit carried forward from the periods before consolidated tax-filing status was established.

Provisions

Other provisions are composed of the following items:

	31 Dec. 2012 € thousand	Previous period € thousand
Liabilities from current projects	13,697	13,543
Provision for restructuring	2,421	0
Provisions for early retirement	1,800	2,000
Provisions for partial retirement	212	261
Other employee-related provisions	3,179	2,534
Provision for litigation risk	0	20,500
Other provisions	2,090	1,758
	23,399	40,596

The provisions for partial retirement as at 31 December 2012 had a settlement amount of €513,000. As at 31 December 2012, the securities pledged to cover them had a historical cost of €297,000 and a fair value of €301,000.

The provision for litigation risks was utilised to plan in 2012 owing to the court settlement reached in 2011, which did not take effect until 2012 when approved by the AGM of Deutsche Wohnen AG. €271,000 was released.

Trade payables
€140,000 in trade payables fall due within one year.

Amounts payable to group companies

(previous period's figures in brackets)	Total € thousand	of which falling due within one year € thousand	owed to other group companies € thousand	owed to shareholders € thousand
Amounts payable because of consolidated VAT and income tax-filing status	7,550 *(7,282)*	7,550 *(7,282)*	0 *(0)*	7,550 *(7,282)*
Loans drawn down	278 *(275)*	278 *(275)*	278 *(275)*	0 *(0)*
Amounts payable under profit and loss transfer agreements	20,302 *(88,450)*	20,302 *(88,450)*	0 *(48)*	20,302 *(88,402)*
Trade payables	3,280 *(4,388)*	3,280 *(4,388)*	2,607 *(2,395)*	673 *(1,993)*
	31,410 *(100,395)*	**31,410** *(100,395)*	**2,885** *(2,718)*	**28,525** *(97,677)*

Amounts payable to group companies include €28,320,000 in liabilities to banks (previous period: €97,195,000).

There are no amounts payable falling due in more than five years.

Other liabilities
€652,000 of the other liabilities are social security payments (previous period: €813,000) and €601,000 are additional VAT payments (previous period: €0).

Trust assets/liabilities
The trust assets are equal to the trust liabilities on the liabilities side. These are the shares in two fund management companies held by the company as the limited trust partner.

Contingencies
The contingencies comprise €30,323,000 resulting from guarantees (previous period: €33,513,000), €3,000,000 of which relates to group companies (previous period: €4,500,000).

The liability risks can be presented as follows:

When the closed-ended property fund was placed, pre-emptive tender rights were issued to the investors in the form of a firm purchase offer to acquire the equity investments in 2019. The total sum amounts to €21,763,000, of which €11,016,000 has been set aside in a provision (previous period: €10,331,000).

In addition, the company committed itself to the shareholders in connection with the placement of a closed-ended property fund, in the event that the company enforces the land charge created for the subscribers to the memorandum of association for funding purposes, to place the company in a position at all times where it is able to pay the creditor's claim arising from the land charge. The resultant liability amounts to €10,948,000 as at the reporting date (previous period: €11,307,000).

As the liability as limited trust partner for two companies has been revived, the company is liable for €4,878,000 (previous period: €4,866,000). No payment is immanent at this time.

The other €750,000 in liability risks (previous period: €1,407,000) relate to commitments to purchase limited partner's shares at two closed-ended property funds as well as rental guarantees.

Letters of comfort
In connection with the sale of property owned by a subsidiary, a letter of comfort for €4,500,000 was given to secure all the buyer's claims against the subsidiary. This is reduced by €1,500,000 every six months after the property is handed over and was valued at €3,000,000 as at 31 December 2012

The company's letter of comfort for DI Deutsche Immobilien Baugesellschaft mbH, Frankfurt am Main, was revoked on 13 June 2012.

In addition, the company has issued letters of comfort to Deutsche Bank AG, Frankfurt am Main, for a company in connection with lending and projects.

Other financial commitments and information on derivative financial instruments
Long-term tenancy commitments to group companies amount to €2,290,000 p.a. (previous period: €2,290,000) (term to March 2015). Annual rental income from group companies amounts to €882,000 (previous period: €882,000) for the same term. There are no further rental or lease commitments with a term of more than one year.

As part of a project in Berlin, the company gave two rental guarantees that take effect after a 10-year lease, therefore since 31 July 2008.

IV. Notes to the income statement-

Revenue
Largely generated in Germany, the €18,051,000 in revenue (previous period: €19,739,000) breaks down into €17,522,000 in income from service contracts (general services, fund and property management) (previous period: €19,484,000) and €529,000 from other services (previous period: €255,000).

Other operating income
The €6,379,000 in other operating income (previous period: €87,411,000) can be presented as follows:

	31 Dec. 2012	Previous period
	€ thousand	€ thousand
Written up on financial assets	2,258	2,382
Release of provisions	1,278	70,374
Management fees	980	980
Sub-letting	915	776
Refunds from intra-group charges	368	318
Foreign currency translation	1	29
Reversal of impairments	0	10,843
Reversal of tax allocation	0	1,412
Other operating income	579	297
Total	**6,379**	**87,411**

Cost of purchased services
The €2,735,000 in the cost of purchased services (previous period: €2,597,000) largely comprises service charges for commercial and technical property management provided by external firms.

Other operating expenses

The €12,168,000 in other expenses (previous period: €11,247,000) can be presented as follows:

	31 Dec. 2012	Previous period
	€ thousand	€ thousand
Intragroup payables	3,056	2,551
Business services	2,771	2,909
Building and land expenses	2,439	2,203
Added to provision for restructuring	1,140	0
Legal and advisory fees	739	762
Office equipment	384	656
Advertising, selling and travelling expenses	308	353
Current projects	201	241
Foreign currency translation	6	11
Other	1,124	1,561
Total	**12,168**	**11,247**

Income from investments

The €929,000 in investment income in the period under review (previous period: €363,000) largely comprises €650,000 in distributions from JG Japan Grundbesitzverwaltungsgesellschaft mbH i. L., Eschborn, and €226,000 (USD 300,000) from Deutsche Bank Realty Advisors Inc., New York, USA.

Other interest and similar income

€1,216,000 of the other interest and similar income results from netting in accordance with Article 246(2), sentence 2, of the German Commercial Code. €2,119,000 in income from the measurement of assets at fair value, from realised exchange rate gains and losses and distributions was netted with €903,000 (previous period: €873,000) in accreted interest on the provisions for pensions.

Impairment of financial assets

€1,824,000 of the €2,005,000 in impairment losses recorded on financial assets (previous period: €13,832,000) relates to Tauf die DB Immobilienfonds 2 GmbH & Co. KG, Frankfurt am Main.

Interest payable and other similar expenses

Interest payable and other similar expenses also include €722,000 in accreted interest on provisions (previous period: €571,000). In accordance with Article 277(5), sentence 1, of the German Commercial Code, this interest expense comprises €611,000 in a provision for pre-emptive tender rights, €61,000 for early retirement provisions, €26,000 for jubilee provisions and €8,000 for a provision for a pension plan. It also includes €18,000 in accreted interest on provisions for partial retirement agreements which was netted in accordance with Article 246(2), sentence 2, of the German Commercial Code with the €2,000 in income from the measurement of assets at fair value.

Income tax expense

As in the previous period, income tax expense (€7,000 income; previous period: €4,000 income) comprises corporation tax relating to prior periods arising from completed tax audits.

Other taxes

The other taxes comprise €11,000 in withholding tax for the €226,000 distribution stated in investment income.

V. Other information

Executive bodies of RREEF Management GmbH

Management board

Dr. Georg Allendorf
Chief Executive Officer

Thomas Schneider
Chief Operating Officer

Robert Červinka
- until 31 January 2013 -
Chief Investment Officer

Remuneration of the management board
The management board received a total of €1,255,000 in remuneration for services rendered in the period under review, €650,000 of which in the form of share-based payments. €81,000 was paid to former members of the management board and their surviving dependants. Provisions of €5,934,000 have been set up for pension payments to former members of the management board and their surviving dependants.

Employees
During the period under review, the company had an average of 89 active employees (previous period: 93), of which 45 female employees (previous period: 47).

Parent company
Deutsche Bank AG, Frankfurt am Main, is the sole owner of RREEF Management GmbH, Frankfurt am Main. In accordance with Article 340i of the German Commercial Code in conjunction with the provisions of Section 57, sentence 1, No. 2 of the Introductory Act to the Commercial Code as well as Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 regarding the application of international accounting standards (Official Journal of the European Communities L 243, sentence 1), it prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), in which our company is included and therefore likewise exempt. The consolidated financial statements are announced in the digital Official Gazette of the Federal Republic.

Frankfurt am Main, 28 February 2013

The management board

Dr. Georg Allendorf　　　　Thomas Schneider

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Changes in the fund's assets of RREEF Management GmbH, Frankfurt am Main

	At cost				
	Brought forward 1 Jan. 2012	Additions	Disposals	Transfers	Balance 31 Dec. 2012
	€	€	€		€
I. Intangible assets					
Licences and similar rights and assets	1,104.04	8,000.31	0.00	0.00	9,104.35
	1,104.04	**8,000.31**	**0.00**	**0.00**	**9,104.35**
II. Property and equipment					
Office equipment	181,730.21	29,186.55	18,164.26	0.00	192,752.50
	181,730.21	**29,186.55**	**18,164.26**	**0.00**	**192,752.50**
III. Financial assets					
1. Shares in group companies	217,866,276.56	45,200.00	1,186,850.43	0.00	216,724,626.13
2. Equity investments	297,171.28	0.00	9,620.00	0.00	287,551.28
	218,163,447.84	**45,200.00**	**1,196,470.43**	**0.00**	**217,012,177.41**
Total non-current assets	**218,346,282.09**	**82,386.86**	**1,214,634.69**	**0.00**	**217,214,034.26**

as at 31 December 2012

Accumulated depreciation						Carrying amount	
Brought forward 1 Jan. 2012	Depreciation for the financial year	Written up for the financial year	Disposals	Transfers	Balance 31 Dec. 2012	31 Dec. 2012	31 Dec. 2011
€	€	€	€		€	€	€
1,104.04	1,344.50	0.00	0.00	0.00	2,448.54	6,655.81	0.00
1,104.04	**1,344.50**	**0.00**	**0.00**	**0.00**	**2,448.54**	**6,655.81**	**0.00**
137,439.64	38,593.25	0.00	18,164.26	0.00	157,868.63	34,883.87	44,290.57
137,439.64	**38,593.25**	**0.00**	**18,164.26**	**0.00**	**157,868.63**	**34,883.87**	**44,290.57**
109,582,477.06	1,929,080.37	2,258,277.30	0.00	0.00	109,253,280.13	107,471,346.00	108,283,799.50
91,817.44	76,065.43	0.00	0.00	0.00	167,882.87	119,668.41	205,353.84
109,674,294.50	**2,005,145.80**	**2,258,277.30**	**0.00**	**0.00**	**109,421,163.00**	**107,591,014.41**	**108,489,153.34**
109,812,838.18	**2,045,083.55**	**2,258,277.30**	**18,164.26**	**0.00**	**109,581,480.17**	**107,632,554.09**	**108,533,443.91**

Shareholdings of RREEF Management GmbH, Frankfurt am Main
as at 31 December 2012 pursuant to Article 285 No. 11 of the German Commercial Code

		Share of the capital in % total	indirect		Share capital in k	Annual result in k	
1. Subsidiaries							
1.	5000 Yonge Street Toronto Inc., Toronto, Kanada	100.00	-	CAD	0	0	
2.	DB Real Estate CANADAINVEST 1 Inc., Toronto, Kanada	100.00	-	CAD	-1	-1	
3.	RREEF Investment GmbH, Frankfurt am Main	99.90	-	EUR	16,651	0	
4.	RREEF Spezial Invest GmbH, Frankfurt am Main	100.00	40.00	EUR	5,483	0	
5.	DEGRU Erste Beteiligungsgesellschaft mbH, Eschborn	100.00	-	EUR	1,468	448	
6.	Deutsche Bank Realty Advisors Inc., New York, Amerika	100.00	-	USD	1,534	-38	
7.	Deutsche Grundbesitz-Anlagegesellschaft mbH, Frankfurt am Main	99.90	-	EUR	600	0	
8.	Deutsche Grundbesitz Beteiligungsgesellschaft mbH, Eschborn	100.00	-	EUR	60	9	
9.	DI Deutsche Immobilien Baugesellschaft mbH & Co. Vermietungs KG, Frankfurt am Main	100.00	90.00	EUR	2,220	364	
10.	DI Deutsche Immobilien Baugesellschaft mbH, Frankfurt am Main	100.00	-	EUR	2,499	250	
11.	DI Deutsche Immobilien Treuhandgesellschaft mbH, Frankfurt am Main	100.00	-	EUR	310	0	
12.	IC Chicago Associates LLC, Wilmington, Amerika	100.00	100.00	USD	0	0	
13.	IMM Associate LLC, New York, Amerika	100.00	100.00	USD	2,028	0	
14.	IB Associate, LLC, New York, Amerika	100.00	100.00	USD	0	0	
15.	JADE Residential Property AG, Eschborn	100.00	-	EUR	60,969	1,707	
16.	JG Japan Grundbesitzverwaltungsgesellschaft mbH i. L., Eschborn	100.00	-	EUR	52	827	*
17.	Sechste DB Immobilienfonds Beta Dr. Rühl KG, Eschborn	100.00	-	EUR	5,861	518	
18.	DB Immobilienfonds 2 GmbH & Co. KG	73.98		EUR	3,814	-293	
2. Equity investments							
1.	P. F. A. B. Passage Frankfurter Allee Betriebsgesellschaft mbH, Berlin	22.20	22.20	EUR	169	3	*
2.	WohnBauEntwicklungsgesellschaft München-Haidhausen mbH & Co. KG i. L., Eschborn	33.33	-	EUR	224	6	
3.	WohnBauEntwicklungsgesellschaft München-Haidhausen Verwaltungs mbH i. L., Eschborn	33.33	-	EUR	56	18	

Shareholdings of RREEF Management GmbH, Frankfurt am Main
as at 31 December 2012 pursuant to Article 285 No. 11 a of the German Commercial Code

1. DEBEKO Immobilien GmbH & Co Grundbesitz OHG, Eschborn

* Financial statements 2011

RREEF Management GmbH
Management Report 2012

1. Overall business situation

1.1 General company information

RREEF Management GmbH, Frankfurt am Main, (REM) is part of the RREEF Real Estate business unit of the Deutsche Bank group. With more than 500 employees in 22 countries on four continents and with some EUR 41.0 billion in investment capital under management, RREEF Real Estate is one of today's largest property investment companies in this segment. In this connection, REM as a holding company pools the various activities of its subsidiaries in Germany for domestic property investors. In 2012, REM had an average of 89 employees (previous period: 93). REM's sole owner is Deutsche Bank AG, Frankfurt am Main (DB AG), with which a profit and loss transfer agreement is in effect.

1.2 Main segments

Subsidiaries RREEF Investment GmbH, Frankfurt am Main, (REI) and RREEF Spezial Invest GmbH, Frankfurt am Main, (RESI) manage a total of EUR 8,564 million in funds (previous period: EUR 7,583 million). REI manages the European and global general open-ended property funds. As at the reporting date, RESI manages a total of ten traditional German institutional funds.

1.3 Industry trend

After the appreciable waning of the upswing in the second half of 2011, global economic growth continued to worsen slightly in 2012. Europe remained the world economy's problem child, although signs of a solution to part of the debt crisis are on the horizon. In addition, economic recovery in the USA and Japan has been proceeding more slowly than expected. China remains the main driving force behind the world economy. The slowdown that began there in 2012 proved to be only temporary; growth rates as from 2013 are again expected to exceed 8% p.a. For 2013, DB Research expects a general upturn in demand, which however may be less pronounced than forecast last year. The expectations for global economic growth have therefore been adjusted downward to 3.2% for 2013 and 4.0% for 2014.

The global volume of property investments was up in the third quarter of 2012 in comparison with the previous quarter to about EUR 138 billion. Yet global transaction volume was down in comparison with the previous year. Nevertheless, property values in the top segment remained stable and were even higher in some markets. This is attributable to the high demand for prime property investments for capital maintenance purposes. That goes in particular for the top properties in the primary global markets. In Tokyo, the return on office properties in the first half of 2012 remained the same at about 4.5% while it has levelled off at 6% in Seoul. In Europe, higher risk sensitivity among institutional investors has triggered an increasing concentration of investment capital on Germany, Scandinavia and the London and Paris markets. There, returns on prime properties in top locations remained low, some of which under 5%, while the gap with peripheral locations continues to widen. Similar trends can be seen in the USA, where investors are increasingly interested in residential and office properties.

In comparison with last year, the positive trends in the office rental markets are lagging slightly. Yet in Asia, the assumption is that rents in most markets are on the rise. Beijing alone is expected to see up to another 20% annual increase in rents, while the increase in Seoul and Tokyo is expected to be moderate at best. Positive reports in Europe were received mainly from Germany, while most other markets, including London and Paris, remained stable over the year. Only Southern Europe trended downwards, with similar prospects for rents in 2013. In the USA, the outlook on the office market is one of cautious optimism. Demand should rise at the beginning of 2013, and completions in most regions will remain scant. Recovery will mainly be driven by strong technology locations

(San Francisco, Silicon Valley), international financial centres (New York, Chicago) and regions with a close connection to the energy industry (Austin, Houston).

2. Business trend

2.1 Results of operations

The period under review developed in line with the management's expectations. Results of operations were shaped by the profit and loss transfer agreements with the subsidiaries. This income increased by EUR 6.8 million to EUR 24.4 million in the period under review. Income from investments in 2012 increased from EUR 0.4 million to EUR 0.9 million.

Revenues were down by EUR 1.7 million to EUR 18.1 million. Other operating income decreased to EUR 6.4 million after EUR 87.4 million in the previous year, which was largely attributable to the release of a provision (EUR 69.9 million).

Staff costs increased to EUR 13.5 million in the period under review (previous period: EUR 11.3 million). In 2012, the company had an average number of 89 employees (previous period: 93).

The other operating expenses increased to EUR 12.2 million (previous period: EUR 11.2 million).

REM will transfer EUR 20.3 million to Deutsche Bank AG under a profit and loss transfer agreement (previous period: EUR 88.4).

2.2 Financial position

REM's financial position is largely shaped by the financing of subsidiaries and the related refinancing possibilities at Deutsche Bank AG.

As at 31 December 2012, REM has EUR 27.2 million in bank balances (previous period: EUR 97.2 million). The company has a sound financial position; the company was able to fulfil its financial obligations at all times.

2.3 Net assets

REM's net assets reflect its function as a holding company. As at the reporting date, the company's financial assets show EUR 107.4 million in shares in group companies and equity investments (previous period: EUR 108.5 million).

With a EUR 86.0 million decrease in net assets to EUR 179.1 million, REM funds itself through 69% (previous period: 46%) equity, which corresponds to EUR 122.7 million just as in the previous period.

No events took place between the close of 2012 and the preparation of this management report which would have had a significant effect on the company's net assets, financial position or results of operations.

2.4 Non-financial indicators

RREEF Real Estate is one of the world's largest providers and managers of property investments with a global network. The company's part in this global network led in the period under review to the successful conclusion of 20 foreign transactions for the fund investments managed by REI and RESI.

Deutsche Bank AG completed the strategic review of its asset management segment in 2012. In the new Asset & Wealth Management segment, RREEF Real Estate will remain the department for property and alternative investments.

2.5 Risk management/risk report

The neutral Risk Management department monitors the budgeting, final costing and risks of all projects. An IT-based risk management system is used for this purpose as a company-wide system for recording and assessing risks by REM and its affiliated subsidiaries. The results are documented in a risk report, which presents and assesses all risks (market and operational risks).

Market and project risks are analysed using three scenarios (business case, worst case and AAA case), which are prepared by Risk Management. The appropriate level of risk provisioning is determined on the basis of the business case. The worst case scenario presents the potential risks that could arise in the event that significant variable parameters were to worsen. This assessment is used to develop a theoretical AAA case as the basis for calculating the economic capital. The economic capital is the equity needed to cover the risks in this scenario. As at 31 December 2012, the economic capital arising from the market risks of REM and its affiliated subsidiaries amounts to EUR 7.5 million.

Risk provisioning at the REM level decreased from EUR 14.0 million in the previous period to EUR 13.7 million in the period under review. The slight change largely results from an increase (EUR 0.7 million) in the provision for a pre-emptive tender right and the utilisation and release (EUR 1.1 million) of various risk positions. Risk provisioning for the affiliated subsidiaries is the same as in the previous period (EUR 3.1 million). This risk provisioning covers all market risks – primarily development risks, rental risks and risks from pre-emptive tender rights/exits.

The operational risks (OR) are likewise identified, measured, reported, handled and monitored. The risk provision for litigation set up to EUR 20.5 million in 2011 was fully utilised (EUR 20.2 million) and released (EUR 0.3 million), as the case may be. The economic capital amounts to EUR 0.4 million. Based on the group operational risk management policy of Deutsche Bank AG, an OR management framework was introduced in which a process is defined and related OR tools are provided. Specific risk management processes were defined as well to target cross-function risks.

There are no risks impairing the continued existence of the company at this time. The management considers the risk management system including the existing processes appropriate.

3. Outlook

Significant opportunities in the next years can be seen in the development of our subsidiaries, REI and RESI.

The trend in business at REI is largely determined by the volume of the fund's assets under management used to calculate the current fund management fee as well as the income generated on property transactions for the property funds under management. Overall, the management expects satisfactory results of operations at REI in the next years at a higher level than last year, provided that fund volumes continue to grow.

Within RESI's strategic planning, the management intends to invest the fund investments' open capital commitments and to launch further fund investments. That will significantly increase the assets under management and reduce RESI's dependency on specific products. Given the manageable start-up costs of these strategic initiatives, the risks will be limited to investor acquisition and the availability of suitable properties in the market.

Given the regulatory changes on the horizon, the AIFM Directive and its implementation in German law holds special prominence. A government draft has been prepared for its introduction, but parliament will make some changes. Implementation of the level 2 measures in the AIFMD will require significant changes in workflows. The management has therefore decided to have an external advisory firm assist with conceptualisation and implementation.

Overall, the management expects satisfactory results of operations for the next two years.

Frankfurt am Main, 28 February 2013

The management board

Dr. Georg Allendorf　　Thomas Schneider

Auditors' report

We have audited the financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of RREEF Management GmbH, Frankfurt am Main, for the financial year from 1 January to 31 December 2012. The maintenance of the books and records and the preparation of the financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the financial statements in accordance with Article 317 of the German Commercial Code and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Auditors [*Institut der Wirtschaftsprüfer]*. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on our audit findings, the financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German commercial law and German principles of proper accounting. The management report is consistent with the financial statements and, as a whole, provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 1 March 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Dr. Lemnitzer	Kalthoff
German Qualified Auditor	German Qualified Auditor