Condensed Interim Consolidated Financial Statements

Deutsche Annington Immobilien SE
Consolidated Income Statement (in € million)

	Notes	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012 *Restated
Revenues from property letting		261.7	266.3
Other income from property management		4.3	4.4
Income from property management	**(5)**	**266.0**	**270.7**
Income from sale of properties		102.7	58.7
Carrying value of properties sold		-95.5	-47.7
Changes in value of assets held for sale		5.5	7.4
Profit on disposal of properties	**(6)**	**12.7**	**18.4**
Net income from fair value adjustments of investment properties	**(7)**	**514.5**	**47.6**
Cost of materials	(8)	-119.1	-135
Personnel expenses	(9)	-33.6	-24
Depreciation and amortisation		-1.5	-1.6
Other operating income		9.7	8.2
Other operating expenses		-20.4	-14.8
Financial income		3.1	1.3
Financial expenses	(10)	-73.8	-78.7
Profit before tax		**557.6**	**92.1**
Income tax	(11)	-170.1	-26.0
Profit for the period		**387.5**	**66.1**
Attributable to:			
DAIG shareholders		385.1	66.1
Non-controlling interests		2.4	0.0

Deutsche Annington Immobilien SE
Consolidated Statement of Comprehensive Income (in € million)

	Notes	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012 Restated*
Profit for the period		**387.5**	**66.1**
Cash flow hedges			
Change in unrealised gains/losses, net		1.8	-7.5
Net realised gains/losses		7.2	5.0
Tax effect		-2.1	0.7
Actuarial gains/losses from pensions and similar obligations			
Change in actuarial gains/losses, net		13.3	-
Tax effect		-4.3	-
Other comprehensive income		**15.9**	**-1.8**
Total comprehensive income		**403.4**	**64.3**
Attributable to:			
DAIG shareholders		401.0	64.3
Non-controlling interests		2.4	0.0

Also see the corresponding explanations in the Notes.

* see note (4) accounting policies

Deutsche Annington Immobilien SE
Consolidated Balance Sheet (in € million)

	Notes	Mar. 31, 2013	Dec. 31, 2012
A s s e t s			
Intangible assets		4.5	5.2
Property, plant and equipment		16.2	16.2
Investment properties	(12)	10,304.0	9,843.6
Financial assets	(13)	285.9	44.6
Other assets		27.6	28.3
Income tax receivables		0.1	0.1
Deferred tax assets		8.8	8.8
Total non-current assets		**10,647.1**	**9,946.8**
Inventories		1.2	0.9
Trade receivables	(14)	37.0	20.3
Other financial assets		2.1	2.1
Other assets		37.6	26.5
Income tax receivables		10.6	12.8
Cash and cash equivalents	(15)	176.3	470.1
assets held for sale	(16)	99.0	128.8
Total current assets		**363.8**	**661.5**
Total assets		**11,010.9**	**10,608.3**
Equity and liabilities			
Subscribed capital		0.1	0.1
Capital reserves	(17)	1,291.4	1,052.3
Retained earnings		2,055.2	1,661.1
Other reserves		-40.2	-47.1
Total equity attributable to DAIG shareholders		**3,306.5**	**2,666.4**
Non-controlling interests		13.4	11.0
Total equity		**3,319.9**	**2,677.4**
Provisions	(18)	342.8	358.2
Trade payables		0.2	0.3
Other financial liabilities	(19)	5,313.5	5,766.7
Income tax liabilities		87.3	86.3
Other liabilities	(20)	4.8	4.8
Deferred tax liabilities		897.3	724.2
Total non-current liabilities		**6,645.9**	**6,940.5**
Provisions	(18)	151.5	185.5
Trade payables		36.5	46.0
Other financial liabilities	(19)	789.8	683.8
Income tax liabilities		23.9	26.5
Other liabilities	(20)	43.4	48.6
Total current liabilities		**1,045.1**	**990.4**
Total liabilities		**7,691.0**	**7,930.9**
Total equity and liabilities		**11,010.9**	**10,608.3**

Also see the corresponding explanations in the Notes.

Deutsche Annington Immobilien SE
Consolidated Cash Flow Statement (in € million)

January 1 to March 31	**Notes**	**2013**	**2012 *restated**
Profit for the period		387.5	66.1
Net income from fair value adjustments of investment properties	(7)	-514.5	-47.6
Revaluation of assets held for sale		-5.5	-7.4
		-132.5	**11.1**
Depreciation and amortisation		1.5	1.6
Interest expenses/income		70.7	77.5
Income taxes		170.1	26.0
Results from disposals of investment properties		-7.2	-4.5
Changes in inventories		-0.3	11.2
Changes in receivables and other assets		-2.9	18.0
Changes in provisions		-30.3	-15.0
Changes in liabilities		-4.0	4.1
Income tax paid		-1.1	-2.8
Cash flow from operating activities		**64.0**	**127.2**
Proceeds from disposals of investment properties		81.8	36.7
Proceeds from disposals of intangible assets and property, plant and equipment		0.1	-
Acquisition of investment properties	(12)	-10.1	-7.5
Acquisition of intangible assets and property, plant and equipment		-0.9	-0.6
Acquisition of financial assets		-	-0.1
Interest received		2.2	2.2
Cash flow from investing activities		**73.1**	**30.7**
Return of capital to the shareholder		-0.1	-
Cash proceeds from issuing loans and notes	(19)	654.4	150.7
Cash repayments of financial liabilities	(19)	-938.1	-291.4
Transaction costs **)		-68.1	-1.1
Prepayment penalty and commitment interest		-14.8	-
Interest paid		-64.2	-71.9
Cash flow from financing activities		**-430.9**	**-213.7**
Net changes in cash and cash equivalents		**-293.8**	**-55.8**
Cash and cash equivalents at beginning of the period		470.1	278.5
Cash and cash equivalents at the end of the period *)**	(15)	**176.3**	**222.7**

*) see note (4) Changes in accounting policies

**) The transaction costs in 2013 include one-off payments of € 36.6 million for the adjustment of derivative financial instruments as part of the GRAND restructuring.

***) thereof restricted cash € 124.9 million (2011: € 38.5 million)

Deutsche Annington Immobilien SE
Consolidated Statement of Changes in Equity (in € million)

	Subscribed capital	Capital reserves	Retained earnings	Other Reserves				**Equity of DAIG shareholders**	Non-controlling interests	**Total equity**
				Can be reclassified		Cannot be reclassified				
				Cash flow hedges	Available-for-sale financial assets	Actuarial gains and losses	Total			
As of Jan. 1, 2012	**0.1**	**718.2**	**1,539.7**	**-41.4**	**0.1**	**-0.4**	**-41.7**	**2,216.3**	**13.5**	**2,229.8**
Change in disclosure of actuarial gains and losses			**-0.4**			**0.4**	**0.4**	**0.0**		**0.0**
As of Jan. 1, 2012 (restated *)	**0.1**	**718.2**	**1,539.3**	**-41.4**	**0.1**		**-41.3**	**2,216.3**	**13.5**	**2,229.8**
Profit for the period			66.1					66.1	0.0	66.1
Other comprehensive income										
Changes in the period				-5.6	0.0		-5.6	-5.6	0.0	-5.6
Reclassification adjustments recognised in income				3.8			3.8	3.8	0.0	3.8
Total comprehensive income			66.1	-1.8	0.0		-1.8	64.3	0.0	64.3
As of March 31 ,2012 (restated*)	**0.1**	**718.2**	**1,605.4**	**-43.2**	**0.1**		**-43.1**	**2,280.6**	**13.5**	**2,294.1**
As of Jan. 1, 2013	**0.1**	**1,052.3**	**1,661.1**	**-47.2**	**0.1**		**-47.1**	**2,666.4**	**11.0**	**2,677.4**
Profit for the period			385.1					385.1	2.4	387.5
Other comprehensive income										
Changes in the period			9.0	1.4			1.4	10.4	0.0	10.4
Reclassification adjustments recognised in income				5.5			5.5	5.5		5.5
Total comprehensive income			394.1	6.9			6.9	401.0	2.4	403.4
Shareholder's capital contributions		239.1						239.1		239.1
As of March 31 ,2013	**0.1**	**1,291.4**	**2,055.2**	**-40.3**	**0.1**		**-40.2**	**3,306.5**	**13.4**	**3,319.9**

Also see note (17) in the Notes.

* see note (5) a) Changes in accounting policies in the Notes to the consolidated financial statements for the period ended December 31, 2012

Accounting Policies

(1) Basis of presentation

The Deutsche Annington Immobilien Group (hereinafter referred to as DAIG) is a performance-focused holder and manager of residential real estate in Germany. Our core business is providing affordable housing for broad sections of the population. We also offer additional real estate-related services which bring benefits for our stakeholders. A further business activity is portfolio optimisation. To achieve this, we sell selected properties in our portfolio and systematically integrate new housing stock into the Group. The parent company of DAIG is Monterey Holdings I S.à r.l., Luxembourg. Deutsche Annington Immobilien SE is incorporated and domiciled in Germany; its registered office is located in Düsseldorf. The head office (principal place of business) is located at Philippstrasse 3, Bochum.

The interim consolidated financial statements as at March 31, 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the EU for interim financial statements in accordance with IAS 34.

Accounting and measurement as well as the explanations and disclosures are based on the same accounting and measurement policies as those applied to the consolidated financial statements for the 2012 financial year. In line with IAS 34, presentation of the interim consolidated financial statements of DAIG as at March 31, 2013 in condensed form compared with the consolidated financial statements for the year ended December 31, 2012 has been chosen.

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2012, which are the basis for these interim consolidated financial statements.

In the reporting period, there were no seasonal or business cycle influences which affected the business activities of DAIG.

(2) Consolidation principles

Entities that are under the control of Deutsche Annington Immobilien SE are included in the interim consolidated financial statements as subsidiaries. Control is exercised when Deutsche Annington Immobilien SE is able to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. Any potential voting rights are taken into account when assessing control, if they are exercisable or convertible at any time.

The same consolidation principles have been applied as for the consolidated financial statements for 2012. For a detailed description, please refer to the consolidated financial statements for the year ended December 31, 2012.

(3) Scope of consolidation

In addition to Deutsche Annington Immobilien SE, 132 (Dec. 31, 2012: 131) domestic companies and 2 foreign companies (Dec. 31, 2012: 2) have been included in the interim consolidated financial statements of DAIG as at March 31, 2013.

In January 2013, 3 companies were acquired which were not business operations at the date of acquisition.

In the reporting period, 5 companies were established. The disposals up to March 31, 2013, were the result of 7 intra-Group legal reorganisations.

(4) Accounting policies

Changes in accounting policies

Since the end of 2012 financial year, the income from property management for ancillary costs is recognised at the same time as the expenses for ancillary costs already paid. This presentation leads to the recognition of income and expenses in connection with ancillary costs in the period in which they are incurred. Consequently, as at March 31, 2012 the income from property letting and the cost of materials increased by € 69.9 million.

Estimates, assumptions and management judgment

The preparation of the interim consolidated financial statements requires discretionary decisions and/or estimates for some items, which may have an effect on their recognition and measurement in the balance sheet and the income statement.

The estimates and assumptions which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities mainly relate to the determination of the fair value of investment properties.

The best evidence of the fair value of investment properties are current prices in an active market for comparable properties. If, however, such information is not available, DAIG uses standard valuation techniques such as the income capitalisation method.

Until and including fiscal year 2012, DAIG used the income capitalisation method for the valuation of their portfolio. Hereby the Fair Values of Investment Properties are calculated on the basis of contract and market rents as well as risk adjusted capitalised interest rates. The capitalised interest rates applied were derived from the development of the German residential real estate market, are further adjusted by numerous factors to reflect risks associated with the respective investment and are allocated to the properties with the aid of a rating system; all buildings in the portfolio were valued according to a rating system with regard to their quality, their market attractiveness and their location. The market rents were derived for every location from the current rent indices (Mietspiegel) and several market data provided by external real-estate servicers.

From the beginning of fiscal year 2013, the DAIG refined the valuation methodology it uses and applies the Discounted Cash Flow (DCF) methodology. Under the DCF methodology, the expected future income and costs associated with each property are generally forecast over a 10-year period. To determine the forecasted cash flows, various parameters such as expected rent growth, development of vacancy rates and expected maintenance expenses are taken into account. The forecasted cash flows calculated on this basis are discounted, on an annual basis, to the date of valuation. In addition, the terminal value of the property at the end of the relevant 10-year period is estimated using forecasts of the then expected stabilised net operating income and appropriate capitalisation rates. The terminal value is discounted to the date of valuation.

The applied discount rate reflects the market situation, location, property condition and letting situation of the property, the yield expectations of a potential investor and the level of uncertainty and the inherent risk of the forecasted future cash flows, while the applicable capitalisation rate is derived from the discount rate.

For the first time, this refined methodology has been applied by the external property appraiser CB Richard Ellis (CBRE) and DAIG incorporated the valuation results of CBRE in its interim consolidated financial statements as of 31 March 2013. In the determination of Fair Value of Investment Properties, CBRE used the DCF valuation method and made certain assumptions and estimates in line with the approach generally accepted and used in the market. The overall positive market development in the first three months of 2013 and the extended approach to assumptions and estimates resulted in net income from Fair Value adjustments of € 514.5 million in the three-month period ended 31 March 2013.

On a comparable basis to the previously applied income capitalisation method, using the market assessment of CBRE, DAIG's net income of Fair Value adjustments in the first three months of 2013 would have been lower by approximately € 42.0 million.

The Investment Properties owned by DAIG are revalued on an annual basis with a quarterly update in accordance with IAS 40 in connection with IFRS 13 at their respective market value as of the relevant reporting date. Changes in certain market conditions such as prevailing rent levels and vacancy rates may affect the valuation of Investment Properties. Any changes in Fair Value of the investment portfolio are recognised as gains or losses on the Group's income statement and can substantially affect DAIG's results of operations.

All further assumptions and estimates are based on premises which existed at the balance-sheet date. In principle, the methods for determining them are the same as those used in the consolidated financial statements for the year ended December 31, 2012. The actual amounts may differ from the assumptions and estimates if the aforementioned framework conditions develop differently to the expectations on the balance-sheet date.

Changes in accounting policies due to new Standards and Interpretations

The application of numerous new Standards, Interpretations and Amendments to existing Standards became mandatory for the 2013 financial year.

As part of the annual improvement project (2009-2011), changes were made to five Standards. The changes have no material effects on the DAIG interim consolidated financial statements.

Application of the following new or amended Standards and Interpretations became mandatory for the 2013 financial year but they have no material effects on the DAIG interim consolidated financial statements:

- Amendments to IAS 1 “Presentation of Financial Statements”: Presentation of other comprehensive income
- Amendments to IAS 12 “Income Taxes”: Treatment of temporary tax differences in connection with the use of the fair value model in IAS 40
- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”: Accounting for government grants for first-time adopters
- Amendments to IFRS 7: “Financial Instruments: Disclosures”: Additional disclosure requirements for netted financial instruments as well as financial instruments which are subject to master netting arrangements or similar agreements

The application of the following amended Standards and new Interpretations became mandatory for the first time for the 2013 financial year:

IAS 19 (revised 2011) “Employee Benefits"

As DAIG already recognises actuarial gains and losses in other comprehensive income, this change has no effect on the consolidated financial statements for the period ended March 31, 2013.

The revised IAS 19 replaces the expected return on plan assets and the interest cost on the pension obligation with a uniform net interest component. Compared with the method previously used, recognition of the return on plan assets on the basis of the discount rate of the pension liability at the start of the period leads to an increase of € 0.3 million in net interest.

Furthermore, the amended definition of termination benefits has an effect on accounting for top-up amounts to which DAIG has committed under pre-retirement part-time work arrangements.

Due to the pro-rata-temporis accumulation of top-up amounts over the relevant active years of service of the employees covered by a pre-retirement part-time work arrangement, the pre-retirement part-time work provision is € 0.2 million lower as at March 31, 2013.

IFRS 13 “Fair Value Measurement”

The new IFRS 13 defines uniform guidelines for measuring fair value and also the necessary disclosures in notes for fair value measurement. The new standard leads to extended disclosure in the DAIG notes.

Notes to the Consolidated Income Statement

(5) Income from property management

€ million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012 Restated*
Rental income	182.0	182.7
Ancillary costs	79.7	83.6
Revenues from property letting	**261.7**	**266.3**
Other income from property management	4.3	4.4
Income from property management	**266.0**	**270.7**

* see note (4) Changes in accounting policies

(6) Profit from disposal of properties

€ million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Income from disposal of investment properties	39.9	26.2
Carrying amount of investment properties sold	-32.7	-21.7
Profit on disposal of investment properties	7.2	4.5
Income from sale of trading properties	-	17.7
Carrying amount of trading properties sold	-	-11.2
Profit on disposal of trading properties	-	6.5
Income from sale of assets held for sale	62.8	14.8
Retirement carrying amount of assets held for sale	-62.8	-14.8
Revaluation of assets held for sale	5.5	7.4
Profit on disposal of assets held for sale	5.5	7.4
	12.7	**18.4**

The revaluation of investment properties held for sale led to a gain as at March 31, 2013 of € 5.5 million (1st quarter 2012: € 7.4 million). After the fair value adjustment, these properties were transferred to the balance sheet item “Assets held for sale”.

(7) Net income from fair value adjustments of investment properties

The measurement of the investment properties led to a net valuation gain as at March 31, 2013 of € 514.5 million (1st quarter 2012: € 47.6 million) (see note (12) Investment properties).

(8) Cost of materials

€ million	**Jan. 1 - March 31, 2013**	**Jan. 1 - March 31, 2012** Restated*
Expenses for ancillary costs	80.1	88.5
Expenses for maintenance	25.4	31.6
Other cost of purchased goods and services	13.6	14.9
	119.1	**135.0**

* see note (4) Changes in accounting policies

(9) Personnel expenses

€ million	**Jan. 1 - March 31, 2013**	**Jan. 1 - March 31, 2012**
Wages and salaries	27.8	19.7
Social security, pensions and other employee benefits	5.8	4.3
	33.6	**24.0**

In the reporting period, an average of 2,405 people were employed at DAIG (1st quarter 2012: 1,438).

(10) Financial expenses

The financial expenses mainly relate to interest expense on financial liabilities measured at amortised cost.

Interest expense contains interest accretion to provisions, thereof € 2.0 million (1st quarter 2012: € 2.7 million) relating to provisions for pensions and € 0.7 million (1st quarter 2012: € 0.5 million) relating to miscellaneous other provisions.

Furthermore, a € 1.2 million (1st quarter 2012: € 1.5 million) addition of accrued interest concerning the obligation to pay lump-sum tax on the previously untaxed so-called EK 02 amounts is included in financial expenses.

In the reporting period, € 8.5 million was recognised as interest expense in connection with swaps (1st quarter 2012: € 6.8 million).

(11) Income tax

Of the income tax due on the profit before tax, € 3.4 million (1st quarter 2012: € -0.7 million) relates to current taxes and € 166.7 million (1st quarter 2012: € 26.7 million) to deferred taxes.

The income tax expense is based on the average effective Group tax rate to be expected for the financial year as a whole. The effective Group tax rate for current and deferred taxes expected for 2013 is 30.5% (1st quarter 2012: 28.23%). The Group tax rate contains corporate income tax and trade tax and takes trade tax effects particularly into consideration.

Notes to the Consolidated Balance Sheet

(12) Investment properties

€ million		
Balance on Jan. 1, 2013		**9,843.6**
Additions		0.9
Capitalised modernisation costs		5.1
Transfer to assets held for sale		-32.9
Disposals		-32.7
Net income from fair value adjustments of investment properties		514.5
Revaluation of assets held for sale		5.5
Balance on Mar. 31, 2013		**10,304.0**
Balance on Jan. 1, 2012		**9,893.8**
Additions		3.5
Capitalised modernisation costs		89.4
Transfer from property, plant and equipment		0.2
Transfer to property, plant and equipment		-5.4
Transfer to assets held for sale		-243.7
Disposals		-116.9
Net income from fair value adjustments of investment properties		205.6
Revaluation of assets held for sale		17.1
Balance on Dec. 31, 2012		**9,843.6**

From the beginning of fiscal year 2013, the DAIG refined the valuation methodology it uses and applies the Discounted Cash Flow (DCF) methodology. Under the DCF methodology, the expected future income and costs associated with each property are generally forecast over a 10-year period. To determine the forecasted cash flows, various parameters such as expected rent growth, development of vacancy rates and expected maintenance expenses are taken into account. The forecasted cash flows calculated on this basis are discounted, on an annual basis, to the date of valuation. In addition, the terminal value of the property at the end of the relevant 10-year period is estimated using forecasts of the then expected stabilised net operating income and appropriate capitalisation rates. The terminal value is discounted to the date of valuation. The applied discount rate reflects the market situation, location, property condition and letting situation of the property, the yield expectations of a potential investor and the level of uncertainty and the inherent risk of the forecasted future cash flows, while the applicable capitalisation rate is derived from the discount rate.

For the first time, this refined methodology has been applied by the external property appraiser CB Richard Ellis (CBRE) and DAIG incorporated the valuation results of CBRE in its interim consolidated financial statements as of 31 March 2013. The overall positive market development in the first three months of 2013 and the extended approach to assumptions and estimates resulted in net income from Fair Value adjustments of € 514.5 million in the three-month period ended 31 March 2013.

Going forward, in line with market practice, the Group intends to use the DCF approach. Moreover in the future, an external independent appraiser will be instructed to appraise DAIG's investment portfolio once a year.

(13) Financial assets

	Mar. 31, 2013		Dec. 31, 2012	
€ million	non-current	current	non-current	current
Other investments	1.6	-	1.6	-
Loans to related companies	33.7	-	33.7	-
Securities	3.8	-	3.8	-
Other long-term loans	246.8	-	5.5	-
Dividends from other investments	-	2.1	-	2.1
	285.9	**2.1**	**44.6**	**2.1**

The increase in other long-term loans is due to the fact that, on January 23, 2013, Monterey Holdings I S.à r.l., Luxembourg contributed a subordinated loan ("S" loan) amounting to € 239.1 million as a non-cash contribution to the capital reserves. The key terms of the subordinated loans are the same as those of the subordinated S-REF Notes described under financial liabilities.

(14) Trade receivables

€ million	Mar. 31, 2013	Dec. 31, 2012
Receivables from the sale of properties	26.3	8.6
Receivables from property letting	10.4	11.1
Receivables from other management	0.3	0.6
	37.0	**20.3**

(15) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques and deposits at banking institutions with an original term of up to three months totalling € 176.3 million (Dec. 31, 2012: € 469.9 million). In the prior period, this balance-sheet item also contained marketable securities totalling € 0.2 million which were restricted with regard to their use.

Of these bank accounts, € 124.9 million (Dec. 31, 2011: € 363.0 million) are restricted.

(16) Assets held for sale

The assets held for sale amounting to € 99.0 million (2012: € 128.8 million) contain the carrying amounts of properties held for sale for which there is a concrete intention to sell and whose sale within the next twelve months is highly probable.

(17) Capital reserves

In the first quarter of 2013, a non-cash contribution of € 239.1 million (shareholder's resolution of January 23, 2013) was made into capital reserves.

(18) Provisions

The provisions as at March 31, 2013 comprise provisions for pensions totalling € 303.8 million (Dec. 31, 2012: € 319.0 million), tax provisions for current income taxes of € 73.2 million

(Dec. 31, 2012: € 71.4 million) and other provisions totalling € 117.3 million (Dec. 31, 2012: € 153.3 million).

(19) Other financial liabilities

€ million	Mar. 31, 2013 non-current	Mar. 31, 2013 current	Dec. 31, 2012 non-current	Dec. 31, 2012 current
Other non-derivative financial liabilities				
Banks	1,869.4	349.4	1,297.0	337.1
Other creditors	3,383.9	399.4	4,402.6	300.5
Deferred interest from other non-derivative financial liabilities	2.2	28.8	-	35.4
Derivative financial liabilities				
Purchase price liabilities from put options	-	7.2	-	7.0
Cash flow hedges	58.0	-	67.1	-
Deferred interest from cash flow hedges	-	5.0	-	3.8
	5,313.5	**789.8**	**5,766.7**	**683.8**

The nominal obligations of the liabilities to banks and the liabilities to other creditors developed as follows:

€ million	Mar. 31, 2013	Dec. 31, 2012
Securitisation transaction		
- GRAND plc	3,222.0	4,325.3
- GRAND plc S-REF Notes	240.0	-
Portfolio loans		
- Woge IV (Barclays)	220.0	220.8
- Woge V (Helaba / SEB)	251.4	252.8
- Prima (Nord LB / IBB 1)	147.3	147.3
- FSG (Corealcredit)	164.8	166.8
- GRAND Refinancing (BHH / LBB 1)	654.3	-
Mortgages	1,135.0	1,205.5
	6,034.8	**6,318.5**

In the reporting period, scheduled repayments of € 875.1 million and unscheduled repayments of € 63.0 million were made. New loans of € 654.4 million were taken out. Significant effects result from the fulfilment of the agreements made as part of the GRAND restructuring in January 2013 as well as the refinancing of a sub-portfolio of the securitisation transaction (GRAND plc) in February 2013.

As a further step in the GRAND restructuring, € 240 million was taken from cash and cash equivalents on January 17, 2013 and used, as contractually agreed, for redemption of bearer bonds (REF Notes) and the current liabilities outstanding as at the end of 2012 were correspondingly reduced. This redemption was in addition to the regular capital repayments of € 78.2 million from proceeds from property sales.

As already agreed as part of the GRAND restructuring, on January 17, 2013 further liabilities of the Securitisation Group amounting to € 240.0 million were converted into subordinated bearer bonds ("S" REF Notes). These S-REF Notes mature in 2023 and have a two-year extension option. The S-REF Notes bear interest at a fixed rate of 4.793%. Deutsche Annington Immobilien SE has a corresponding amount receivable of € 239.1 million from GRAND plc (see note (13) Financial assets).

The partial refinancing of the Securitisation Group negotiated in December 2012 with Berlin-Hannoversche Hypothekenbank (BHH) was paid out on February 14, 2013 with a loan amount of € 654.3 million. As part of this refinancing, a total of € 545.1 million of the outstanding REF Notes were redeemed on the pay-out date. Furthermore, € 60.6 million was used to repay mortgages. The remaining amounts were used to finance the transaction costs and will be kept to support future partial refinancings of the Securitisation Group.

Furthermore, on March 28, 2013 a loan for € 39.5 million was signed with Nordrheinische Ärzteversorgung, Düsseldorf, to partially refinance the Securitisation Group. Under the terms of the loan agreement, loan maturity is 10 years and the interest rate is fixed at 3.49%. The loan was paid out on April 15, 2013. Using this amount and further cash and cash equivalents, liabilities of the Securitisation Group amounting to € 40.8 million were repaid on April 2013 as part of this transaction. Securities in the form of land charges and assignments were provided.

(20) Other liabilities

The other liabilities amounting to € 48.2 million (Dec. 31, 2012: € 53.4 million) include on-account payments of € 19.6 million as at March 31, 2013 (Dec. 31, 2012: € 24.8 million) made by tenants for ancillary costs after offsetting against the corresponding work in progress.

Other Notes and Disclosures

(21) Additional disclosures on financial instruments

Measurement categories and classes:		Amounts recognised in balance sheet according to IAS 39							
€ million	Measurement category in acc. with IAS 39	Carrying amounts March 31, 2013	Face value	Amortised cost	Acquisition cost	Fair value affecting net income	Fair value recognised in equity	Amounts recognised in balance sheet in acc. with IAS 17	Fair value March 31 2013
Assets									
Cash and cash equivalents	LaR	**176.3**	**176.3**						**176.3**
Trade and other receivables									
Receivables from the sale of properties	LaR	**26.3**		**26.3**					**26.3**
Receivables from property letting	LaR	**10.4**		**10.4**					**10.4**
Receivables from other management	LaR	**0.3**		**0.3**					**0.3**
Other assets									
Reveivables from related parties	LaR	**14.4**		**14.4**					**14.4**
Financial assets									
Loans to related companies	LaR	**33.6**		**33.6**					**40.1**
Other long-term loans	LaR	**246.8**		**246.8**					**246.8**
Dividends from other investments	LaR	**2.1**		**2.1**					**2.1**
Other non-derivative financial assets									
Long-term securities	AfS	**3.8**					**3.8**		**3.8**
Other investments	AfS	**1.6**			**1.6**				**1.6**
Liabilities									
Trade and other payables									
Liabilities from property letting	FLAC	**16.3**		**16.3**					**16.3**
Liabilities from other goods and services	FLAC	**20.4**		**20.4**					**20.4**
Other non-derivative financial liabilities									
Liabilities to banks	FLAC	**2,218.8**		**2,218.8**					**2,273.6**
Liabilities to other lenders	FLAC	**3,691.9**		**3,691.9**					**3,739.9**
Deferred interest from other non-derivative financial liabilities	FLAC	**31.0**		**31.0**					**31.0**
Liabilities from finance leases	n.a.	**91.4**						**91.4**	**117.3**
Derivative financial liabilities									
Purchase price liabilities from put options	FLHfT	**7.2**				**7.2**			**7.2**
Cash flow hedges	n.a.	**58.0**				**6.4**	**51.6**		**58.0**
Deferred interest from cash flow hedges	n.a.	**5.0**				**5.0**			**5.0**
thereof aggregated by measurement categories in accordance with IAS 39:									
Loans and receivables	LaR	510.2	176.3	333.9	0.0	0.0	0.0	0.0	516.7
Available-for-sale financial assets	AfS	5.4	0.0	0.0	1.6	0.0	3.8	0.0	5.4
Financial liabilities held for trading	FLHfT	7.2	0.0	0.0	0.0	7.2	0.0	0.0	7.2
Financial liabilities measured at amortised cost	FLAC	5,978.4	0.0	5,978.4	0.0	0.0	0.0	0.0	6,081.2
Financial assets and financial liabilities not covered by IAS 39									
Employee benefits in accordance with IAS 19									
Gross presentation: right to reimbursement corresponding to indirect obligation arising from transferred pension obligations		**9.0**							
Amount by which the fair value of plan assets exceeds the corresponding obligation		**0.1**							
Provisions for pensions and similar obligations		**303.8**							

Financial instruments measured at fair value

€ million	Level 1	Level 2	Level 3	Total
Assets				
Other non-derivative financial assets				
Long-term securities	3.8	-	-	3.8
Liabilities				
Derivative financial liabilities				
Purchase price liabilities from put options	-	-	7.2	7.2
Cash flow hedges	-	58.0	-	58.0

The fair value of available-for-sale financial assets is based on quoted market prices at the reporting date.

The fair value of the put options for shares held by minority shareholders is always determined by the value of the company; if a contractually agreed minimum purchase price is higher than this amount, this purchase price is recognised.

In order to measure interest rate swaps, future cash flows are calculated and then discounted. The calculated cash flows result from the contract conditions. The contract conditions refer to the EURIBOR reference rates (3M and 6M EURIBOR). Discounting is based on market interest rate data as at the reporting date for comparable instruments (same EURIBOR rate tenor). The fair value contains the credit risk of the interest rate swaps and therefore allows for adjustments for the company's own credit risk or for the counterparty credit risk.

(22) Financial risk management

The financial risks existing in DAIG have not changed substantially since December 31, 2012.

For a detailed description of the interest risk, the credit risks, the market risks and the liquidity risk, please refer to the notes to the consolidated financial statements for the year ended December 31, 2012.

(23) Derivative financial instruments

At the reporting date the nominal volume of the interest rate swaps amounted to € 798.3 million (Dec. 31, 2012: € 800.5 million). Interest rates vary between 2.28% and 4.40% with swap periods of six and a quarter to seven years.

As part of the cash flow hedge accounting, the derivatives as at March 31, 2013 were shown at their negative clean present fair values totalling € 58.0 million under other financial liabilities.

(24) Segment Reporting

The Deutsche Annington Immobilien Group is an integrated residential real estate company whose core business is the value-enhancing management of its housing stocks and the selective privatisation or sale of units. The housing stocks are located exclusively in Germany.

The segment rental covers the marketing and management of the residential units as well as their maintenance and modernisation with the focus on a sustained strengthening of rental income and the optimisation of operating costs.

The segment sales shows the sale of selected housing stocks either singly or en-bloc to tenants, future owner-occupiers as well as to commercial investors in order to optimise the performance of the entire portfolio and to generate cash flows.

Reporting to the chief decision-makers and thus the assessment of business performance as well as the allocation of resources are performed on the basis of this segmentation. Accordingly, the presentation of segment reporting in accordance with IFRS 8.22 follows this presentation. No segmentation by region is performed. Assets and liabilities are not viewed separately by segment.

Internal reporting is generally based on the IFRS reporting standards.

The chief decision-makers assess the company's performance on the basis of the revenues as well the segment result. The segment result represents earnings before interest, tax, depreciation and amortisation adjusted for items not related to the period, recurring irregularly and untypical for the business operation and excluding effects from revaluations in accordance with IAS 40 (adjusted EBITDA). The segments are viewed without taking the ancillary costs chargeable to tenants which are shown separately. Intra-Group transactions are billed in the same manner as arm's length transactions.

Jan. 1 - Mar. 31,2013	Rental	Sales	Total Segments	Ancillary Costs	Group
Segment revenues	**186.3**	**102.7**	**289.0**	**79.7**	**368.7**
EBITDA (adjusted)	**109.3**	**11.6**	**120.9**	**0.0**	**120.9**
Non-recurring items	-3.8	0.0	-3.8	0.0	-3.8
Period adjustments from assets-held-for-sale	0.0	-1.8	-1.8	0.0	-1.8
EBITDA IFRS	**105.5**	**9.8**	**115.3**	**0.0**	**115.3**
Net valuation gain on property					514.5
Depreciation and amortisation					-1.5
Income from other investments					0.0
Financial income					3.1
Financial expenses					-73.8
EBT					**557.6**
Income taxes					-170.1
Profit for the period					**387.5**

Jan. 1 - Mar. 31, 2012	Rental	Sales	Total Segments	Ancillary costs	Group
Segment revenues	**187.1**	**58.7**	**245.8**	**83.6**	**329.4**
EBITDA (adjusted)	**110.2**	**9.2**	**119.4**	**0.0**	**119.4**
Non-recurring items	-1.2	0.0	-1.2	0.0	-1.2
Period adjustments from assets-held-for-sale	0.0	5.4	5.4	0.0	5.4
EBITDA IFRS	**109.0**	**14.6**	**123.6**	**0.0**	**123.6**
Net valuation gain on property					47.6
Depreciation and amortisation					-1.6
Income from other investments					-0.1
Financial income					1.3
Financial expenses					-78.7
EBT					**92.1**
Income taxes					-26.0
Profit for the period					**66.1**

The comparable segment figures for the 2010 to 2012 financial years are as follows:

Jan. 1 - Dec. 31, 2012	Rental	Sales	Total Segments	Ancillary costs	Group
Segment revenues	**747.4**	**304.9**	**1,052.3**	**317.5**	**1,369.8**
EBITDA (adjusted)	**437.3**	**36.7**	**474.0**	**0.0**	**474.0**
Non-recurring items	-21.2	0.0	-21.2	0.0	-21.2
Period adjustments from assets-held-for-sale	0.0	-2.6	-2.6	0.0	-2.6
EBITDA IFRS	**416.1**	**34.1**	**450.2**	**0.0**	**450.2**
Net valuation gain on property					205.6
Depreciation and amortisation					-6.1
Income from other investments					-3.0
Financial income					12.3
Financial expenses					-443.2
EBT					**215.8**
Income taxes					-43.6
Profit for the period					**172.2**

Jan. 1 - Dec. 31, 2011	Rental	Sales	Total Segments	Ancillary costs	Group
Segment revenues	**750.5**	**253.3**	**1,003.8**	**327.8**	**1,331.6**
EBITDA (adjusted)	**448.6**	**28.6**	**477.2**	**0.0**	**477.2**
Non-recurring items	-17.9	0.0	-17.9	0.0	-17.9
Period adjustments from assets-held-for-sale / trading properties	0.0	23.7	23.7	0.0	23.7
EBITDA IFRS	**430.7**	**52.3**	**483.0**	**0.0**	**483.0**
Changes in value of trading properties					204.5
Net valuation gain on property					246.7
Depreciation and amortisation					-6.2
Income from other investments					-2.7
Financial income					14.7
Financial expenses					-362.1
EBT					**577.9**
Income taxes					-154.3
Profit for the period					**423.6**

Jan. 1 - Dec. 31, 2010	Rental	Sales	Total Segments	Ancillary costs	Group
Segment revenues	**743.3**	**224.9**	**968.2**	**315.6**	**1,283.8**
EBITDA (adjusted)	**429.5**	**36.9**	**466.4**	**0.0**	**466.4**
Non-recurring items	-2.7	0.0	-2.7	0.0	-2.7
Period adjustments from assets-held-for-sale / trading properties	0.0	21.1	21.1	0.0	21.1
EBITDA IFRS	**426.8**	**58.0**	**484.8**	**0.0**	**484.8**
Changes in value of trading properties					0.1
Net valuation gain on property					25.8
Depreciation and amortisation					-5.3
Income from other investments					-2.4
Financial income					8.5
Financial expenses					-352.4
EBT					**159.1**
Income taxes					32.1
Profit for the period					**191.2**

(25) Contingent liabilities

In the first quarter of 2013, there were no significant changes in contingent liabilities. A detailed description of the existing contingent liabilities is to be found in the consolidated financial statements for the year ended December 31, 2012.

(26) Related party transactions

Monterey Holdings I S.à r.l., Luxembourg, has assumed the existing obligations towards the members of the Management Board for the payments under the long-term incentive plan (LTIP). DAIG discloses within Other assets, a receivable from Monterey Holdings I S.à r.l., Luxembourg, of € 14.4 million (Dec. 31, 2012: € 15.0 million), in the amount of the obligations assumed.

(27) Subsequent events

In order to increase DAIG's financial flexibility, a revolving credit facility in the amount of € 35.0 million was negotiated in April 2013.

Board of Management

Rolf Buch, Chairman (since April 1, 2013)

Robert Nicolas Barr

Klaus Freiberg

Dr. A. Stefan Kirsten

Düsseldorf, April 30, 2013

Rolf Buch	Robert Nicolas Barr	Klaus Freiberg	Dr. A. Stefan Kirsten